

State of New Mexico  
Truth or Consequences Municipal Schools

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS'  
REPORT THEREON**

For The Fiscal Year Ended June 30, 2014

Truth or Consequences Municipal Schools  
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June 30, 2014

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Truth or Consequences Municipal Schools  
**Directory of Officials**  
For The Fiscal Year Ended June 30, 2014

**BOARD OF EDUCATION**

|                 |                |
|-----------------|----------------|
| John C. Johnson | President      |
| Denise Barrera  | Vice-President |
| Angela Rael     | Secretary      |
| Rita Ortiz      | Member         |
| Brett Smith     | Member         |

**SCHOOL OFFICIALS**

|                   |                                  |
|-------------------|----------------------------------|
| Dr. Craig Cummins | Superintendent                   |
| Dr. Robert Vise   | Director of Federal Programs     |
| Hank Hopkins      | Director of Human Resources      |
| Bonnie Nielson    | Coordinator of Special Education |
| Adrianna Wolf     | Business Manager                 |

MIKE STONE, C.P.A.  
LINDA STONE MCGEE, C.P.A.  
KAY STONE, C.P.A.  
JARROD MASON, C.P.A.  
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

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## INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor  
And  
Board of Education  
Truth or Consequences Municipal Schools  
Truth or Consequences, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Truth or Consequences Municipal Schools, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Truth or Consequences Municipal Schools' basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Truth or Consequences Municipal Schools' nonmajor governmental funds, the components of the General Fund and the budgetary comparisons for the components of the general fund, the nonmajor special revenue funds, the debt service fund, and the capital projects funds presented as other supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including

the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Truth or Consequences Municipal Schools, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and components of the general fund of the Truth or Consequences Municipal Schools as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the components of the general fund, the nonmajor special revenue funds, the debt service fund, and the capital projects funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Truth or Consequences Municipal Schools' financial statements that collectively comprise the District's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by the Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules presented as other supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the other supplemental data are the responsibility of management and were derived from and related directly to the underlying

accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the other supplemental data are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014, on our consideration of the Truth or Consequences Municipal Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Truth or Consequences Municipal Schools' internal control over financial reporting and compliance.

*Stone, McGee & Co., CPAs*

Silver City, New Mexico  
November 7, 2014

**Stone, McGee & Co.**  
Certified Public Accountants



Truth or Consequences Municipal Schools  
**STATEMENT OF NET POSITION**  
June 30, 2014

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b>Assets</b>                             |                                    |
| Cash and cash equivalents                 | \$ 8,243,295                       |
| Property taxes receivable                 | 531,455                            |
| Accounts receivable                       | 43,747                             |
| Due from other governments                | 809,934                            |
| Inventory                                 | 17,530                             |
| Capital assets:                           |                                    |
| Land and improvements                     | 243,455                            |
| Buildings and improvements                | 35,755,349                         |
| Equipment                                 | 5,095,330                          |
| Construction in progress                  | 9,174,225                          |
| Less accumulated depreciation             | <u>(15,520,452)</u>                |
| Total capital assets, net of depreciation | <u>\$ 34,747,907</u>               |
| Total assets                              | <u>\$ 44,393,868</u>               |
| <b>Liabilities</b>                        |                                    |
| Accounts payable                          | \$ 676,512                         |
| Accrued payroll                           | 41,105                             |
| Long-term liabilities:                    |                                    |
| Portion due or payable within one year:   |                                    |
| Bonds payable                             | 1,815,000                          |
| Accrued interest payable                  | 104,276                            |
| Portion due or payable after one year:    |                                    |
| Bonds payable                             | 9,015,000                          |
| Compensated absences                      | 235,802                            |
| Bond premiums                             | <u>74,710</u>                      |
| Total liabilities                         | <u>\$ 11,962,405</u>               |

Truth or Consequences Municipal Schools  
**STATEMENT OF NET POSITION (concluded)**  
June 30, 2014

**Deferred Inflows of Resources**

|                                     |              |
|-------------------------------------|--------------|
| Unavailable revenue                 | \$ 1,080     |
|                                     | <u>1,080</u> |
| Total deferred inflows of resources | \$ 1,080     |

**Net Position**

|                                  |                      |
|----------------------------------|----------------------|
| Net investment in capital assets | \$ 26,439,957        |
| Restricted for:                  |                      |
| Capital projects                 | 315,408              |
| Debt service                     | 2,528,704            |
| Other purposes                   | 1,536,297            |
| Unrestricted                     | <u>1,610,017</u>     |
| Total net position               | <u>\$ 32,430,383</u> |

The accompanying notes are an integral part of these financial statements

Truth or Consequences Municipal Schools  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2014

| <u>Functions/Programs</u>      | <u>Expenses</u>      | <u>Program</u><br>Charges for<br>Services |
|--------------------------------|----------------------|---|
| Governmental activities:       |                      |   |
| Instruction                    | \$ 8,694,926         | \$ 27,559                                 |
| Support services - Students    | 1,371,548            |   |
| Support services - Instruction | 157,462              |   |
| General administration         | 571,067              | 39,397                                    |
| School administration          | 803,296              |   |
| Central services               | 628,973              |   |
| Operation of plant             | 1,871,311            |   |
| Food services                  | 843,764              | 34,789                                    |
| Transportation                 | 1,050,555            |   |
| Other support services         | 12,236               |   |
| Community services             | 2,013                |   |
| Interest on long-term debt     | 242,137              |   |
|                                | <u>\$ 16,249,288</u> | <u>\$ 101,745</u>                         |

General revenues:

Property taxes:

- Levied for general purposes
- Levied for debt service
- Levied for capital improvements

- State aid - formula grants
- Recoveries and refunds
- Unrestricted investment earnings
- Loss on disposition of assets

Total general revenues and special items

Change in net position

Net position - beginning of year, as originally stated

Restatement

Net position - beginning of year, as restated

Change in net position

Net position - end of year

The accompanying notes are an integral part of these financial statements.

| Revenues                                 |  | Net (Expense)                          |
|--|--|--|
| Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Revenue and Changes<br>in Net Position |
|  |  | Total<br>Governmental<br>Activities    |
| \$ 1,593,695                             | \$ 3,463,185                           | \$ (3,610,487)                         |
| 396,050                                  |  | (975,498)                              |
| 40,967                                   |  | (116,495)                              |
| 26,720                                   |  | (504,950)                              |
| 21,371                                   |  | (781,925)                              |
| 114,637                                  |  | (514,336)                              |
| 108,788                                  |  | (1,762,523)                            |
| 702,680                                  |  | (106,295)                              |
| 1,109,539                                |  | 58,984                                 |
|  |  | (12,236)                               |
|  |  | (2,013)                                |
|  |  | (242,137)                              |
| <u>\$ 4,114,447</u>                      | <u>\$ 3,463,185</u>                    | <u>\$ (8,569,911)</u>                  |
|  |  | \$ 142,833                             |
|  |  | 1,620,240                              |
|  |  | 571,253                                |
|  |  | 10,057,079                             |
|  |  | 134,203                                |
|  |  | 7,675                                  |
|  |  | -                                      |
|  |  | <u>\$ 12,533,283</u>                   |
|  |  | <u>\$ 3,963,372</u>                    |
|  |  | \$ 28,608,003                          |
|  |  | (140,992)                              |
|  |  | \$ 28,467,011                          |
|  |  | <u>3,963,372</u>                       |
|  |  | <u>\$ 32,430,383</u>                   |

Truth or Consequences Municipal Schools  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
June 30, 2014

|   | General<br>Fund     | Title I           | SB-9                |
|---|---------------------|-------------------|---------------------|
| <b>Assets</b>   |                     |                   |                     |
| Cash and investments  | \$ 1,125,876        | \$ -              | \$ 1,175,054        |
| Property taxes receivable   | 43,874              |                   | 155,055             |
| Inventory   |                     |                   |                     |
| Due from other governments  |                     | 214,268           |                     |
| Accounts receivable   | 43,747              |                   |                     |
| Interfund receivable  | 809,626             |                   |                     |
|   | <u>809,626</u>      | <u>214,268</u>    | <u>1,330,109</u>    |
| Total assets  | <u>\$ 2,023,123</u> | <u>\$ 214,268</u> | <u>\$ 1,330,109</u> |
| <br><b>Liabilities</b>  |                     |                   |                     |
| Accounts payable  | \$ 61,214           | \$ 740            | \$ 19,388           |
| Accrued payroll   | 41,105              |                   |                     |
| Interfund payable   |                     | 213,528           |                     |
|   | <u>102,319</u>      | <u>213,528</u>    | <u>19,388</u>       |
| Total liabilities   | <u>\$ 102,319</u>   | <u>\$ 214,268</u> | <u>\$ 19,388</u>    |
| <br><b>Deferred Inflows of Resources</b>                              |                     |                   |                     |
| Unavailable revenue   | \$ 37,507           | \$ -              | \$ 129,448          |
|   | <u>37,507</u>       | <u>-</u>          | <u>129,448</u>      |
| Total deferred inflows of resources                                   | <u>\$ 37,507</u>    | <u>\$ -</u>       | <u>\$ 129,448</u>   |
| <br>Fund balance:   |                     |                   |                     |
| Nonspendable:   |                     |                   |                     |
| Inventories   | \$ -                | \$ -              | \$ -                |
| Restricted for:   |                     |                   |                     |
| Education   |                     |                   | 1,181,273           |
| Food service  |                     |                   |                     |
| Social services   |                     |                   |                     |
| Capital projects  |                     |                   |                     |
| Debt service  |                     |                   |                     |
| Unassigned  | 1,883,297           |                   |                     |
|   | <u>1,883,297</u>    | <u>-</u>          | <u>1,181,273</u>    |
| Total fund balances   | <u>\$ 1,883,297</u> | <u>\$ -</u>       | <u>\$ 1,181,273</u> |
| Total liabilities, deferred inflows of resources<br>and fund balances | <u>\$ 2,023,123</u> | <u>\$ 214,268</u> | <u>\$ 1,330,109</u> |

The accompanying notes are an integral part of these financial statements.

| <u>Bond<br/>Building</u> | <u>Debt<br/>Service</u> | <u>Other<br/>Funds</u>     | <u>Total<br/>Governmental<br/>Funds</u>                           |
|--------------------------|-------------------------|----------------------------|---|
| \$ 3,452,614             | \$ 2,300,454<br>332,526 | \$ 189,297                 | \$ 8,243,295<br>531,455<br>17,530<br>809,934<br>43,747<br>809,626 |
| <u>\$ 3,452,614</u>      | <u>\$ 2,632,980</u>     | <u>\$ 802,493</u>          | <u>\$ 10,455,587</u>  |
| \$ 593,993               | \$ -                    | \$ 1,177                   | \$ 676,512<br>41,105<br>809,626                                   |
| <u>21,163</u>            | <u>-</u>                | <u>574,935</u>             | <u>809,626</u>  |
| <u>\$ 615,156</u>        | <u>\$ -</u>             | <u>\$ 576,112</u>          | <u>\$ 1,527,243</u>   |
| \$ -                     | \$ 259,949              | \$ 1,080                   | \$ 427,984  |
| <u>\$ -</u>              | <u>\$ 259,949</u>       | <u>\$ 1,080</u>            | <u>\$ 427,984</u>   |
| \$ -                     | \$ -                    | \$ 17,530                  | \$ 17,530   |
| 2,837,458                | 2,373,031               | 159,311<br>48,735<br>(275) | 1,340,584<br>48,735<br>-<br>2,837,458<br>2,373,031<br>1,883,022   |
| <u>\$ 2,837,458</u>      | <u>\$ 2,373,031</u>     | <u>\$ 225,301</u>          | <u>\$ 8,500,360</u>   |
| <u>\$ 3,452,614</u>      | <u>\$ 2,632,980</u>     | <u>\$ 802,493</u>          | <u>\$ 10,455,587</u>  |

Truth or Consequences Municipal Schools  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
 June 30, 2014

|   |    |              |
|---|----|--------------|
| Total governmental fund balances  | \$ | 8,500,360    |
| <i>Amounts reported for governmental activities in the statement of net position are different because:</i>   |    |              |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.   |    | 34,747,907   |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:  |    |              |
| Property taxes subject to the 60 day availability period  |    | 426,904      |
| Long-term liabilities, including bonds payable, compensated absences, lease-purchases payable and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds: |    |              |
| Bonds payable   |    | (10,830,000) |
| Accrued interest payable  |    | (104,276)    |
| Bond premiums   |    | (74,710)     |
| Compensated absences payable  |    | (235,802)    |
|   |    | (11,244,788) |
| <i>Net Position of Governmental Activities</i>  | \$ | 32,430,383   |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2014

|  | <u>General</u>       | <u>Title I</u>    | <u>SB-9</u>         |
|--|----------------------|-------------------|---------------------|
| Revenues:  |                      |                   |                     |
| Property taxes                                   | \$ 151,695           | \$ -              | \$ 608,026          |
| Fees and charges                                 | 2,688                |                   |                     |
| State aid  | 11,046,215           |                   | 32,364              |
| Federal aid                                      | 190,889              | 811,344           |                     |
| Earnings on investments                          | 1,407                |                   | 387                 |
| Miscellaneous                                    | <u>4,729</u>         |                   |                     |
| Total revenues                                   | <u>\$ 11,397,623</u> | <u>\$ 811,344</u> | <u>\$ 640,777</u>   |
| Expenditures:                                    |                      |                   |                     |
| Current:   |                      |                   |                     |
| Instruction                                      | \$ 6,789,758         | \$ 525,813        | \$ -                |
| Support services - Students                      | 796,213              | 127,691           |                     |
| Support services - Instruction                   | 31,785               | 32,222            |                     |
| General administration                           | 500,301              | 17,858            | 5,961               |
| School administration                            | 744,864              | 602               |                     |
| Central services                                 | 487,851              | 94,749            |                     |
| Operation of plant                               | 1,319,054            |                   | 400,054             |
| Food service                                     |                      |                   |                     |
| Transportation                                   | 882,427              | 12,409            |                     |
| Other support services                           | 12,236               |                   |                     |
| Community services                               | 2,013                |                   |                     |
| Debt service:                                    |                      |                   |                     |
| Principal  |                      |                   |                     |
| Interest   |                      |                   |                     |
| Bond issue costs                                 |                      |                   |                     |
| Capital outlay                                   |                      |                   | <u>54,473</u>       |
| Total expenditures                               | <u>\$ 11,566,502</u> | <u>\$ 811,344</u> | <u>\$ 460,488</u>   |
| Revenues over (under) expenditures               | \$ (168,879)         | \$ -              | \$ 180,289          |
| Other financing sources (uses):                  |                      |                   |                     |
| Bond proceeds                                    |                      |                   |                     |
| Bond premiums                                    |                      |                   |                     |
| Net change in fund balance                       | <u>\$ (168,879)</u>  | <u>\$ -</u>       | <u>\$ 180,289</u>   |
| Fund balance, July 1, 2013, as originally stated | \$ 2,052,176         | \$ -              | \$ 1,000,984        |
| Restatement                                      |                      |                   |                     |
| Fund balance, July 1, 2013, as restated          | \$ 2,052,176         | \$ -              | \$ 1,000,984        |
| Net change in fund balance                       | <u>(168,879)</u>     | <u>-</u>          | <u>180,289</u>      |
| Fund balance, June 30, 2014                      | <u>\$ 1,883,297</u>  | <u>\$ -</u>       | <u>\$ 1,181,273</u> |

The accompanying notes are an integral part of these financial statements.



| Bond Building         | Debt Service        | Other Funds         | Total Governmental Funds |
|-----------------------|---------------------|---------------------|--------------------------|
| \$ -                  | \$ 1,724,432        | \$ -                | \$ 2,484,153             |
|                       |                     | 62,348              | 65,036                   |
| 3,463,185             |                     | 733,373             | 15,275,137               |
|                       |                     | 1,394,050           | 2,396,283                |
| 5,094                 | 765                 | 22                  | 7,675                    |
|                       |                     | 129,474             | 134,203                  |
| <u>\$ 3,468,279</u>   | <u>\$ 1,725,197</u> | <u>\$ 2,319,267</u> | <u>\$ 20,362,487</u>     |
| \$ -                  | \$ -                | \$ 951,064          | \$ 8,266,635             |
|                       |                     | 373,523             | 1,297,427                |
|                       |                     | 8,745               | 72,752                   |
|                       | 16,907              | 8,862               | 549,889                  |
|                       |                     | 20,769              | 766,235                  |
|                       |                     | 19,902              | 602,502                  |
|                       |                     | 29,758              | 1,748,866                |
|                       |                     | 764,348             | 764,348                  |
|                       |                     | 50,505              | 945,341                  |
|                       |                     |                     | 12,236                   |
|                       |                     |                     | 2,013                    |
|                       | 2,345,000           |                     | 2,345,000                |
|                       | 241,107             |                     | 241,107                  |
| 21,163                |                     |                     | 21,163                   |
| <u>8,877,705</u>      |                     | <u>183,481</u>      | <u>9,115,659</u>         |
| <u>\$ 8,898,868</u>   | <u>\$ 2,603,014</u> | <u>\$ 2,410,957</u> | <u>\$ 26,751,173</u>     |
| \$ (5,430,589)        | \$ (877,817)        | \$ (91,690)         | \$ (6,388,686)           |
| 3,000,000             |                     |                     | 3,000,000                |
|                       | 11,530              |                     | 11,530                   |
| <u>\$ (2,430,589)</u> | <u>\$ (866,287)</u> | <u>\$ (91,690)</u>  | <u>\$ (3,377,156)</u>    |
| \$ 5,268,047          | \$ 3,180,468        | \$ 316,991          | \$ 11,818,666            |
|                       | 58,850              |                     | 58,850                   |
| <u>\$ 5,268,047</u>   | <u>\$ 3,239,318</u> | <u>\$ 316,991</u>   | <u>\$ 11,877,516</u>     |
| <u>(2,430,589)</u>    | <u>(866,287)</u>    | <u>(91,690)</u>     | <u>(3,377,156)</u>       |
| <u>\$ 2,837,458</u>   | <u>\$ 2,373,031</u> | <u>\$ 225,301</u>   | <u>\$ 8,500,360</u>      |

Truth or Consequences Municipal Schools  
**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2014

Net change in fund balances- total governmental funds \$ (3,377,156)

*Amounts reported for governmental activities in the statement of activities  
are different because:*

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities, the cost of those assets is allocated over their  
estimated useful lives as depreciation expense:

|                      |             |
|----------------------|-------------|
| Capital outlay       | 9,115,659   |
| Depreciation expense | (1,058,876) |

Revenues in the Statement of Activities that do not provide current financial  
resources are not reported as revenues in the funds. This is the net  
change during the year:

|  |           |
|--|-----------|
| Property taxes subject to the 60 day availability period | (149,827) |
|--|-----------|

Bond and loan proceeds are reported as financing sources in the funds, In the Statement  
of Activities, however, issuing debt increased long term liabilities

(3,000,000)

Repayment of debt principal is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the Statement of Net  
Assets:

|                           |           |
|---------------------------|-----------|
| Payment of bond principal | 2,345,000 |
|---------------------------|-----------|

In the Statement of Activities, interest is accrued on outstanding bonds,  
whereas in governmental funds, an interest expenditure is reported  
when due. This is the net change during the year.

6,470

Bond premiums are capitalized and amortized over the life of the bond

|               |          |
|---------------|----------|
| Bond premiums | (11,530) |
| Amortization  | 13,663   |

Some expense reported in the Statement of Activities, such as compensated  
absences, do not require the use of current financial resources and there-  
fore are not reported as expenditures in governmental funds. This is the  
net change in compensated absences for the year.

79,969

*Change in Net Position of Governmental Activities*

\$ 3,963,372

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30,2014

|   | Original<br>Budget   | Final<br>Budget      | Actual               | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------|----------------------|----------------------|--|
| <b>Revenues:</b>  |                      |                      |                      |  |
| Federal sources   | \$ 27,231            | \$ 27,231            | \$ 190,890           | \$ 163,659                             |
| State sources   | 11,077,929           | 12,530,919           | 11,008,649           | (1,522,270)                            |
| Local sources   | 145,819              | 145,819              | 160,867              | 15,048                                 |
| Interest income   | 800                  | 800                  | 1,407                | 607                                    |
| <b>Total revenues</b>                                   | <b>\$ 11,251,779</b> | <b>\$ 12,704,769</b> | <b>\$ 11,361,813</b> | <b>\$ (1,342,956)</b>                  |
| <b>Expenditures:</b>                                    |                      |                      |                      |  |
| <b>Current:</b>   |                      |                      |                      |  |
| Instruction   | \$ 7,125,117         | \$ 7,088,970         | \$ 6,789,673         | \$ 299,297                             |
| Support services - Students                             | 917,024              | 921,043              | 795,471              | 125,572                                |
| Support services - Instructi                            | 41,110               | 33,965               | 31,785               | 2,180                                  |
| General administration                                  | 480,219              | 509,420              | 471,101              | 38,319                                 |
| School administration                                   | 700,016              | 747,802              | 744,794              | 3,008                                  |
| Central services  | 499,592              | 512,595              | 486,321              | 26,274                                 |
| Operation of plant                                      | 1,324,855            | 1,358,881            | 1,330,566            | 28,315                                 |
| Community services                                      |                      |                      | 126                  | (126)                                  |
| Other support services                                  | 47,816               | 47,816               | 22,203               | 25,613                                 |
| Transportation  | 827,293              | 859,545              | 857,016              | 2,529                                  |
| Capital outlay  | -                    | 1,335,995            | 1,887                | 1,334,108                              |
| <b>Total expenditures</b>                               | <b>\$ 11,963,042</b> | <b>\$ 13,416,032</b> | <b>\$ 11,530,943</b> | <b>\$ 1,885,089</b>                    |
| Net change in fund balance                              | \$ (711,263)         | \$ (711,263)         | \$ (169,130)         | \$ 542,133                             |
| Fund balance, July 1, 2013                              | 711,263              | 711,263              | 2,079,742            | 1,368,479                              |
| Fund balance, June 30, 2014                             | \$ -                 | \$ -                 | \$ 1,910,612         | \$ 1,910,612                           |
| <b>Budgetary reconciliation:</b>                        |                      |                      |                      |  |
| Net change in fund balance, GAAP basis                  |                      |                      | \$ (168,879)         |  |
| Revenue accruals (net)                                  |                      |                      | (35,810)             |  |
| Expenditure accruals (net)                              |                      |                      | 35,559               |  |
| Other financing sources (net)                           |                      |                      |                      |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                      |                      | <u>\$ (169,130)</u>  |  |

The accompanying notes are an integral part of these financial statements

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - TITLE I**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual       | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|--------------|--|
| Revenues:   |                    |                 |              |  |
| Federal sources   | \$ 704,295         | \$ 933,555      | \$ 774,213   | \$ (159,342)                           |
| Expenditures:   |                    |                 |              |  |
| Current:  |                    |                 |              |  |
| Instruction   | \$ 404,482         | \$ 587,739      | \$ 530,098   | \$ 57,641                              |
| Support services - Students                             | 43,751             | 157,302         | 127,691      | 29,611                                 |
| Support services - Instruction                          | 26,184             | 33,079          | 32,222       | 857                                    |
| General administration                                  | 20,248             | 27,279          | 17,858       | 9,421                                  |
| School administration                                   | 116,048            | 20,678          | 602          | 20,076                                 |
| Central services  | 93,582             | 95,042          | 94,749       | 293                                    |
| Tranportation   | -                  | 12,436          | 12,409       | 27                                     |
| Total expenditures                                      | \$ 704,295         | \$ 933,555      | \$ 815,629   | \$ 117,926                             |
| Net change in fund balance                              | \$ -               | \$ -            | \$ (41,416)  | \$ (41,416)                            |
| Fund balance, July 1, 2013                              | -                  | -               | (172,112)    | (172,112)                              |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ (213,528) | \$ (213,528)                           |
| Budgetary reconciliation:                               |                    |                 |              |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -         |  |
| Revenue accruals (net)                                  |                    |                 | (37,131)     |  |
| Expenditure accruals (net)                              |                    |                 | (4,285)      |  |
| Other financing sources (net)                           |                    |                 | -            |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ (41,416)  |  |

The accompanying notes are an integral part of these financial statements

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - SENATE BILL 9**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| <b>Revenues:</b>  |                            |                         |                     |   |
| Local sources   | \$ 574,863                 | \$ 574,863              | \$ 599,104          | \$ 24,241                                       |
| State sources   |                            | 363,526                 | 32,364              | (331,162)                                       |
| Earnings on investments   | 200                        | 200                     | 387                 | 187   |
| <b>Total revenues</b>   | <u>\$ 575,063</u>          | <u>\$ 938,589</u>       | <u>\$ 631,855</u>   | <u>\$ (306,734)</u>                             |
| <b>Expenditures:</b>  |                            |                         |                     |   |
| <b>Current:</b>   |                            |                         |                     |   |
| General administration  | \$ 12,000                  | \$ 12,000               | \$ 5,961            | \$ 6,039  |
| Operational plant maintenance                                   | 522,992                    | 667,259                 | 412,230             | 255,029   |
| Capital outlay  | 709,979                    | 929,238                 | 39,680              | 889,558   |
| <b>Total expenditures</b>                                       | <u>\$ 1,244,971</u>        | <u>\$ 1,608,497</u>     | <u>\$ 457,871</u>   | <u>\$ 1,150,626</u>                             |
| <b>Net change in fund balance</b>                               | <u>\$ (669,908)</u>        | <u>\$ (669,908)</u>     | <u>\$ 173,984</u>   | <u>\$ 843,892</u>                               |
| <b>Fund balance, July 1, 2013</b>                               | <u>669,908</u>             | <u>669,908</u>          | <u>1,001,070</u>    | <u>331,162</u>                                  |
| <b>Fund balance, June 30, 2014</b>                              | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 1,175,054</u> | <u>\$ 1,175,054</u>                             |
| <b>Budgetary reconciliation:</b>                                |                            |                         |                     |   |
| Net change in fund balance, GAAP basis                          |                            |                         | \$ 180,289          |   |
| Revenue accruals (net)  |                            |                         | (8,922)             |   |
| Expenditure accruals (net)                                      |                            |                         | 2,617               |   |
| Other financing uses (net)                                      |                            |                         | <u>          </u>   |   |
| <b>Net change in fund balance, NON-GAAP<br/>budgetary basis</b> |                            |                         | <u>\$ 173,984</u>   |   |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**STATEMENT OF FIDUCIARY  
NET POSITIONS**  
June 30, 2014

|   | Private<br>Purpose<br>Trust Funds | Agency     |
|---|-----------------------------------|------------|
| <b>Assets</b>                           |                                   |            |
| Cash and investments                    | \$ 39,614                         | \$ 177,127 |
| Due from others                         | 386                               | -          |
| Total assets                            | \$ 40,000                         | \$ 177,127 |
| <br><b>Liabilities and Net Position</b> |                                   |            |
| Deposits held for others                | \$ -                              | \$ 177,127 |
| Total liabilities                       | \$ -                              | \$ 177,127 |
| Net Position:                           |                                   |            |
| Reserved for scholarship                | \$ -                              |            |
| Reserved for endowment                  | 40,000                            |            |
| Total net position                      | \$ 40,000                         |            |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2014

|  | <u>Private<br/>Purpose<br/>Trust Funds</u> |
|--|--|
| <b>Additions</b>                                 |  |
| Gifts and contributions                          | \$ 384                                     |
| Interest earned                                  | <u>2</u>                                   |
| Total additions                                  | \$ 386                                     |
| <br><b>Deductions</b>                            |  |
| Scholarships awarded                             | <u>816</u>                                 |
| Change in net position                           | <u><u>\$ (430)</u></u>                     |
| Net position, July 1, 2013, as originally stated | \$ -                                       |
| Restatement                                      | <u>40,430</u>                              |
| Net position, July 1, 2013, as restated          | \$ 40,430                                  |
| Change in net position                           | <u>(430)</u>                               |
| Net position, June 30, 2014                      | <u><u>\$ 40,000</u></u>                    |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**NOTES TO FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 2014

Note 1 **Summary of Significant Accounting Policies**

Truth or Consequences Municipal Schools, organized under the laws of the State of New Mexico, operates under the school board-superintendent form of government. The System provides public education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

**A. REPORTING ENTITY**

These financial statements present the District (the primary government). As defined by GAAP, component units are legally separate entities that are included in the District's reporting entity because of the significance of their operating or financial relations with the District. Based on the criterion in GAAP, the District has no component units.

**B. BASIS OF PRESENTATION**

*Government-wide Financial Statements:*

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental, and fiduciary. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:



- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The funds of the financial reporting entity are described below:

### **Governmental Funds**

#### *General Fund*

The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Included in the General Fund are sub-funds; Operational, the Unrestricted District Fund; Transportation, which accounts for State source revenue used to transport students; Instructional Materials, which accounts for State Source Funds used to purchase textbooks; and Non-instructional Support, which accounts for various student extracurricular activities.

#### *Special Revenue Funds*

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

#### *Capital Project Fund*

The Capital project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

#### *Debt Service Fund*

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the District.

#### *Fiduciary Funds*

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

Agency Funds account for assets held in a purely custodial capacity. Since agency funds are custodial in nature (i.e.) assets equal liabilities, they do not involve the measurements of results of operations. Typically, these funds are owned by clubs, athletic teams, and/or student organizations.

The emphasis in fund financial statements is on the major funds in the governmental category. Non-major funds are summarized into a single column.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated in to the government-wide statements.

### *Major Fund Descriptions*

*General* – See above description.

Title I – Fund used to account for federal resources administered by the New Mexico State Department of Education to provide assistance to educationally deprived students in low-income areas of the District. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 103-382).

SB-9 – Created by State Law to account for the Districts tax levy restricted solely for improvements to the physical plant NMSA 1978 22-25-1, and is a Special Revenue Fund.

Bond Building – to account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings or purchasing or improving school grounds or any combination thereof as approved by the voters of the District. This is a Capital Project Fund.

Debt Service – See above description.

## **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

### **Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus is used.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized when the earnings process is complete.

## **BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

### **1. Accrual:**

The government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

### **2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred outflows of resources by the provider and deferred inflows of resources by the recipient. Grant revenues not collected within 60 days of year end are recorded as receivables and deferred inflows of resources. Such amounts are recorded net of estimated uncollectible accounts.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred inflows of resources in the fund statements. Property taxes are considered fully collectible.

In the government –wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a fully accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net positions are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by generally government revenues (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or

applicants who purchase use or directly benefit from the goods, services or privileges provided. Revenues in this category include fees charged for specific services, such as attendance at athletic events, food service, copies and auxiliary services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

#### **D. BUDGETS**

Budgets for the General, Special Revenue, Debt Service and Capital Projects funds are prepared by management and approved by the local school board and the Public Finance School Division of the Department of Education. Included in the bond building fund are payments made by the Public School Facilities Authority directly to vendors on behalf of the District. Such amounts are excluded from the budgetary comparison of the bond building fund.

These budgets are prepared on the NON-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a functional category basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a "series", this may be accomplished with only local Board of Education approval. If a transfer between "series" or a budget increase is required, approval must also be obtained from Public Education Department.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

#### **E. CASH AND INVESTMENTS**

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest-bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the District. The pledged securities remain in the name of the financial institution. Repurchase agreements are required to be collateralized 102%.

## **F. INVENTORIES**

Except for U.S.D.A. commodities, which are shown at estimated value, inventories are valued at cost (first-in, first-out). Inventory in the Cafeteria Fund consists mainly of food items. Inventories, in other governmental fund types, consist primarily of supply-type assets.

## **G. CAPITAL ASSETS**

Capital assets purchased or acquired with an original cost of \$5,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

|                                |             |
|--------------------------------|-------------|
| Buildings                      | 20-50 years |
| Software and library resources | 3-5 years   |
| Machinery and equipment        | 5-10 years  |
| Improvements                   | 10-20 years |

The accounting treatment over property, plant and equipment depends on whether they are reported in the government-wide financial statements or fund financial statements. In the government-wide financial statements, fixed assets are accounted for as capital assets. In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

## **H. LONG-TERM DEBT**

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

## **I. COMPENSATED ABSENCES**

The District's policies, regarding vacation time, permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. These liabilities have typically been liquidated from general fund resources.

**J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will be recognized as an outflow or resource (expenses/expenditures) until then. The Government had no items that qualify for reporting in the category.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The Government has two types of items, one of which arises under the full accrual basis of accounting and both of which arise under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item unavailable revenue, has reported in both the statement of net position and the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Government reports unavailable revenue from the following sources:

|   | <u>Governmental Funds Balance Sheet</u> |                        |                     |                                |  |                   |
|---|---|------------------------|---------------------|--------------------------------|--|-------------------|
|   | Statement<br>of net<br><u>Position</u>  | General<br><u>Fund</u> | SB-9<br><u>Fund</u> | Debt<br>Service<br><u>Fund</u> | Non-Major<br>Govern-<br>mental<br><u>Funds</u> | <u>Total</u>      |
| Advances received<br>under expenditure<br>driven grants | \$ 1,080                                | \$                     | \$                  | \$                             | \$ 1,080                                       | \$ 1,080          |
| Property taxes  | <u>          </u>                       | <u>37,507</u>          | <u>129,448</u>      | <u>259,949</u>                 | <u>          </u>                              | <u>426,904</u>    |
| Total   | <u>\$ 1,080</u>                         | <u>\$ 37,507</u>       | <u>\$ 129,448</u>   | <u>\$ 259,949</u>              | <u>\$ 1,080</u>                                | <u>\$ 427,984</u> |

**K. EQUITY CLASSIFICATIONS**

*Government-wide Statements*

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – all other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

*Fund Statements*

During the year ended June 30, 2011, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- o Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- o Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- o Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.
- o Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority.
- o Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by adoption of a resolution or a vote of the Board. This is typically done through the adoption and amendment of the budget. Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for a specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes). Expenditures incurred are normally paid from the most highly constrained fund balance.

**L. PROPERTY TAX**

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the District by the County Treasurer, and are remitted to the District in the month following collection. Because the Treasurer of the County in which the District is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the District.

The District is permitted to levy taxes for general operating purposes up to \$.50 per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the district is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the District, as well as a Two Mill Levy for District improvements. The District’s total tax rate to finance general government services for the year ended June 30, 2014 was .49

per \$1,000 for non-residential property and .50 for residential property. The District's tax rate for debt service was \$5.628 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$2.0 per \$1,000 for residential and \$1.961 for nonresidential property.

#### M. INTERFUND ACTIVITY

Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payable as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Inter-fund activity between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

#### N. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government's deposits may not be returned to it. The District does not have a deposit policy for credit risk beyond that disclosed in Note 1.

As of June 30, 2014 \$3,854,674 of the governments bank balance of \$9,606,244 was exposed to custodial credit risk as follows:

|  |                     |                        |
|--|---------------------|------------------------|
| Uninsured and collateralized   |                     | <u>\$ 3,854,674</u>    |
|  | <u>Bank Balance</u> | <u>Carrying Amount</u> |
| Deposits by custodial risk category:                                   |                     |                        |
| Insured  | \$ 742,929          | \$ 742,929             |
| Collateral held by the pledging bank's agent<br>in the District's name | 5,008,641           | 5,008,641              |
| Uninsured and collateralized   | <u>3,854,674</u>    | <u>2,706,425</u>       |
|  | <u>\$ 9,606,244</u> | <u>\$ 8,457,995</u>    |

The District does not have a risk policy beyond that required by State Statute.

The District invests in the State Treasurer Local Governmental Investment Pool, a New Mexico sponsored investment alternative.



The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer, with the advice and consent of the State Board of Finance, is authorized to invest money held in the short-term investment fund in accordance with Sections 6-10-10-10P and Sections -10-10.1A and E, NMSA 1978. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts fund were invested.

Investments are valued at fair value based on quoted market prices as of the valuation date.

Participation in the pool is voluntary. The District has \$2,040 on deposit in the pool at June 30, 2014, which is AAAM rated with a weighted average maturity of 48.6 days.

Note 3 Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

|   | <u>Balance</u><br><u>July 1, 2013</u> | <u>Adjustments</u>  | <u>Deletions</u> | <u>Additions</u>      | <u>Balance</u><br><u>June 30, 2014</u> |
|---|---------------------------------------|---------------------|------------------|-----------------------|--|
| Capital assets not being depreciated:         |                                       |                     |                  |                       |  |
| Land  | \$ 243,455                            | \$ -0-              | \$ -0-           | \$ -0-                | \$ 243,455                             |
| Construction progress                         | <u>271,371</u>                        | <u>214,168</u>      | <u>-0-</u>       | <u>8,688,686</u>      | <u>9,174,225</u>                       |
| Total assets not being depreciated            | <u>\$ 514,826</u>                     | <u>\$ 214,168</u>   | <u>\$ -0-</u>    | <u>\$ 8,688,686</u>   | <u>\$ 9,417,680</u>                    |
| Other capital assets:                         |                                       |                     |                  |                       |  |
| Building & improvements                       | \$ 36,314,181                         | \$ (558,832)        | \$ -0-           | \$                    | \$ 35,755,349                          |
| Furniture and equipment                       | <u>4,882,525</u>                      | <u>-0-</u>          | <u>-0-</u>       | <u>212,805</u>        | <u>5,095,330</u>                       |
| Total other capital assets at historical cost | <u>\$ 41,196,706</u>                  | <u>\$ (558,832)</u> | <u>\$ -0-</u>    | <u>\$ 212,805</u>     | <u>\$ 40,850,679</u>                   |
| Less accumulated depreciation for:            |                                       |                     |                  |                       |  |
| Building & improvement                        | \$ (10,921,267)                       | \$ 9,721            | \$ -0-           | \$ (852,947)          | \$(11,764,493)                         |
| Furniture & equipment                         | <u>(3,550,030)</u>                    | <u>-0-</u>          | <u>-0-</u>       | <u>(205,929)</u>      | <u>(3,755,959)</u>                     |
| Total accumulated depreciation                | <u>\$(14,471,297)</u>                 | <u>\$ 9,721</u>     | <u>\$ -0-</u>    | <u>\$ (1,058,875)</u> | <u>\$(15,520,452)</u>                  |
| Total capital assets, net                     | <u>\$ 27,240,235</u>                  | <u>\$ (334,943)</u> | <u>-0-</u>       | <u>\$ 7,842,615</u>   | <u>\$ 34,747,907</u>                   |

Depreciation expense was charged to the governmental activities as follows:

|                       |            |
|-----------------------|------------|
| Instruction           | \$ 508,260 |
| Student support       | 74,121     |
| Instructional support | 84,710     |

|                        |                     |
|------------------------|---------------------|
| Administration general | 21,178              |
| Administration school  | 37,061              |
| Central services       | 26,471              |
| Plant operation        | 122,445             |
| Transportation         | 105,214             |
| Food                   | <u>79,416</u>       |
|                        | <u>\$ 1,058,876</u> |

The District has construction commitments totaling approximately \$17,000,000 at June 30, 2014, funded principally by the New Mexico Public Schools Facilities Authority.

Note 4 Long-term Debt

Changes in long-term debt were as follows during the year end June 30, 2014:

|                         | <u>Balance</u><br><u>July 1, 2013</u> | <u>Additions</u>    | <u>Deletions</u>            | <u>Balance</u><br><u>June 30, 2014</u> | <u>Due In</u><br><u>One Year</u> |
|-------------------------|---------------------------------------|---------------------|-----------------------------|--|----------------------------------|
| G.O. Bonds, 2005        | \$ 450,000                            | \$ -0-              | \$ 100,000                  | \$ 350,000                             | \$ 100,000                       |
| G.O. Bonds, 2008        | 1,335,000                             | -0-                 | 25,000                      | 1,310,000                              | 25,000                           |
| G.O. Bonds, 2009        | 550,000                               | -0-                 | 25,000                      | 525,000                                | 25,000                           |
| G.O. Bonds, 2011        | 2,840,000                             | -0-                 | 545,000                     | 2,295,000                              | 515,000                          |
| G.O. Bonds, 2012        | 5,000,000                             |                     | 1,650,000                   | 3,350,000                              | 425,000                          |
| G.O. Bonds, 2013        | <u>                    </u>           | <u>3,000,000</u>    | <u>                    </u> | <u>3,000,000</u>                       | <u>725,000</u>                   |
|                         | <u>\$ 10,175,000</u>                  | <u>\$ 3,000,000</u> | <u>\$ 2,345,000</u>         | <u>\$ 10,830,000</u>                   | <u>\$ 1,815,000</u>              |
| Compensated<br>absences | <u>\$ 315,771</u>                     | <u>\$ 70,036</u>    | <u>\$ 150,005</u>           | <u>\$ 235,802</u>                      | <u>\$ -0-</u>                    |

Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

|           | <u>Principal</u>     | <u>Interest</u>     |
|-----------|----------------------|---------------------|
| 2015      | \$ 1,815,000         | \$ 235,147          |
| 2016      | 1,000,000            | 210,983             |
| 2017      | 965,000              | 193,459             |
| 2018      | 875,000              | 175,319             |
| 2019      | 790,000              | 157,647             |
| 2020-2024 | 2,885,000            | 502,149             |
| 2025-2029 | <u>2,500,000</u>     | <u>167,487</u>      |
|           | <u>\$ 10,830,000</u> | <u>\$ 1,642,191</u> |

No compensated absences are considered due and payable in the next fiscal year.

GENERAL OBLIGATION BONDS

The bonds and bond interest are paid from property tax levies enacted specifically for the debt retirement. The revenues pledged totaled \$12,472,191 at June 30, 2014, and equal 100% of the tax levies enacted to repay the bonded indebtedness. The bonds were sold to erect and furnish facilities for the District. Interest rates range from .27% to 3.881% for individually scheduled retirements, and maturity dates range from 2015 through 2028. The property tax levies expire when the related bond indebtedness is repaid.

The 2013 issue is the first part of a \$6,000,000 authorization. The remaining \$3,000,000 was issued July 25, 2014.

During the year ended June 30, 2014, the District recognized \$1,724,432 in property taxes pledged to retire the bonded indebtedness, and retired \$2,586,114 in bond principal and interest.

Note 5 Pension Plan – Educational Retirement Board

Plan Description

Substantially all of the Truth or Consequences Municipal Schools full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities and some state agency employees) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

Funding Policy

Member Contributions

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

In fiscal year 2014, the Truth or Consequences Municipal Schools was required to contribute 13.15% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.1% of the gross covered salary for employees whose annual salary is more than \$20,000.

In the future, Truth or Consequences Municipal Schools will contribute the following percentages of the gross covered salary of employees: 13.9% of gross covered salary in fiscal year 2015.

The contribution requirements of plan members and the Truth or Consequences Municipal Schools are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Truth or

Consequences Municipal School's contributions to ERB for the fiscal years ending June 30, 2014, 2013, and 2012, were \$1,080,047, \$865,431, and \$749,095, respectively, which equal the amount of the required contributions for each fiscal year.

Note 6 Post-Employment Benefits – State Retire Health Care Plan

#### Plan Description

Truth or Consequences Municipal Schools contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd. N.E. Suite 104, Albuquerque, New Mexico 87107.

#### Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State legislature. Employers that choose to become participating employers as after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans, 3,4, or 5; municipal fire member coverage plan 3,4, or 5; municipal detention officer member coverage plan1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.0% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the Authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Truth or Consequences Municipal School's contributions to the RHCA for the years ended June 30, 2014, 2013, and 2012 were \$164,321, \$156,317, and \$145,594, respectively, which equal the required contributions for each year.

Note 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Because the District was unable to obtain general liability insurance at a cost it considered to be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred. No losses exceeded insurance in the past three years.

The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchases excess insurance above the self-insured retention. The self-insured retention aggregate for property is set at \$2,000,000 with a \$1,000,000 stop loss. The self-insured retention aggregate for liability is \$3,000,000 with a \$1,000,000 stop loss.

Note 8 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

During the year ending June 30, 2015 the District will be required to report a material liability for pension plan participation, due to the adoption of new reporting standards. Currently, the amount is not estimable.

Note 9 Interfund Activity

|                              | <u>Inter-Fund Payable</u> |                          |                   |                   |
|------------------------------|---------------------------|--------------------------|-------------------|-------------------|
|                              | <u>Title I</u>            | <u>Bond<br/>Building</u> | <u>All Others</u> | <u>Total</u>      |
| <u>Inter-fund Receivable</u> |                           |                          |                   |                   |
| General                      | <u>\$ 213,528</u>         | <u>\$ 21,163</u>         | <u>\$ 574,935</u> | <u>\$ 809,626</u> |

There were no interfund transfers during the year ended June 30, 2014.

Note 10 Restricted Net Position

At June 30, 2014, net positions restricted for other purposes included the following balances in special revenue funds:

|           |                     |
|-----------|---------------------|
| Spaceport | \$ 158,078          |
| Cafeteria | 48,735              |
| PED:      |                     |
| SB-9      | 1,181,273           |
| Other     | <u>148,211</u>      |
|           | <u>\$ 1,536,297</u> |

The District reports restricted positions of \$4,380,409 of which \$4,380,409 is restricted by enabling legislation.

Note 11 Jointly Governed Organizations

The District participates in the Southwest Regional Education Cooperative No. 10. This regional cooperative center was formed to consolidate the application for and the processing of supplementary federal and state funds. Representatives of the independent school districts, which are members, govern the Cooperative.

The Center obtains grants and allocates them to the member districts. The District has no ongoing financial interest or responsibility in the Cooperative.

Separately issued financial statements of the Cooperative are available from the Cooperative at P.O. Box 952, Truth or Consequences, New Mexico 87901

Note 12 Endowment

The District received an endowment from Lang Estate. This endowment is to be used for investment purposes only with the proceeds from such investments restricted to use for scholarships. The corpus of \$40,000 is to remain intact indefinitely. This is in accordance with State law.

Net appreciation of -0- is available for expenditure by the governing board, and is reported in net position as "reserved for scholarships".

Note 13 Evaluation of Subsequent Events

The District has evaluated subsequent events through November 7, 2014, the date which the financial statements were available to be issued.

Note 14 Deficit Fund Balance

The District had a deficit fund balance of \$275 in the athletics fund as of June 30, 2014. The deficit is the result of excess spending. Transfers will be made as necessary to reduce the deficit.

Note 15 Expenditure in Excess of Budgetary Authority

The District incurred expenditures in excess of budgetary authority in the following funds and functions:

|  |        |
|--|--------|
| General Fund – Community Services              | \$ 126 |
| Cafeteria – Food Services                      | 9,564  |
| Pre-School - Transportation                    | 1,178  |
| NM Autism Project – Support Services, Students | 724    |
| Education of the Homeless – Student Support    | 5,182  |
| Fresh Fruits and Vegetables - Food Service     | 2,144  |
| Kindergarten 3+ - Transportation               | 10,985 |
| Pre K Initiative - Instruction                 | 427    |

The District intends to review its year-end budget adjustment policy to alleviate these over-expenditures in the future.

Note 16 Restatement

During the fiscal year ended June 30, 2014, the District adopted GASBS No. 65, which created additional net position and balance sheet categories as explained in Note 1. As a part of this statement, costs associated with the sale of bonds or loans are no longer capitalized, but are expensed as incurred. This results in the District being required to restate its government-wide net position at July 1, 2013, by the amount of previously capitalized bond costs.

In addition, during the year ended June 30, 2014, the District discovered errors in prior year financial statements which required correction in the current year. This resulted in a restatement of both net position in the government-wide net position and the fund balance in the fund statements.

The following is a summary of the restatements:

|   | <u>Net<br/>Position</u> | <u>Debt<br/>Service<br/>Fund</u> |
|---|-------------------------|----------------------------------|
| Cash balance restatements   | \$ 58,850               | \$ 58,850                        |
| Adjustment to beginning balance of capital assets                                 | (549,111)               |                                  |
| Previously capitalized bond issue costs   | (247,886)               |                                  |
| Prior misstatement of bond premiums received                                      | 20,424                  |                                  |
| Recognition of property taxes receivable not collected within 60 days of year-end | <u>576,731</u>          |                                  |
|   | <u>\$ (140,992)</u>     | <u>\$ 58,850</u>                 |

## SPECIAL REVENUE FUNDS

**Food Service Fund** – to account for the cost of operating a student breakfast, lunch and summer lunch program and is financed with federal grants and fees paid by program users. The funding is authorized by CFR, Title VII, Subtitle B, Sections 210, 215 and 220.

**Athletics** - to account for fees generated at athletic activities throughout the school District. The gate receipts are obtained from the general public and are expended in this fund. The Authority for creation of this fund is 6.20.2 NMAC.

**Title I** – to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total District percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title 1 campus is eligible to receive Title 1 services. Poverty is the criterion that identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Public Education department. Authority for creation of this fund is Part A of Chapter 1 of Title 1 of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

**Migrant Children Education** – the general purpose of the Migrant Education Program is to ensure that migrant children benefit from the same free public education provided to other children. To achieve this purpose, the Migrant Education Program provides supports to enable migrant children to succeed academically.

**IDEA-B/Entitlement** – to account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230,93,380,94-142, 98-199,99-457, 100, 639, and 101-476, 20 U.S.C. 1411-1420.

**Preschool IDEA-B** – the objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

**Education for Homeless Children and Youth** – ensures that children experiencing homelessness have access to the same free, appropriate public education and related services as their permanently housed peers so that they have an equal opportunity to meet the same challenging academic standards.

**Fresh Fruits and Vegetables USDA** – the revenue in this fund assists States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004-2005. Funding is authorized by the National School Lunch Act, as amended, 42 U.S.C. 1769.

**IDEA-B Risk Pool** – funding for students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district.



**Enhancing Education Through Tech** – provides funds for innovative initiatives that support the integration of education technology into classrooms to improve teaching and learning. Activities include professional development in technology integration and the use of the Internet; distance learning initiatives; acquiring education technology; and using technology to enhance parental involvement.

**English Language Acquisition** – provides funding to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards.

**Teacher/Principal Training and Recruiting** –funding is used to improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students.

**Rural and Low Income Schools** – accounts for funds used to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1964 (ESEA), Title VI, Part B, as amended.

**Carl D. Perkins Secondary – Current and Redistribution** – provides secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

**Title XIX Medicaid 3/21 Years** – to account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children.

**R.O.T.C.** – to provide Federal funding for the implementation of R.O.T.C. programs.

**Education Jobs Fund/Federal Stimulus** – funding received from the Federal government to save or create jobs for education professionals in the State of New Mexico. Funding is used for employment related expenses, such as salary, benefits, and instructional staff.

**Spaceport GRT Grant/Sierra County** - to account for resources received for the District's participation in the Student Launch Program.

**Dual Credit Instructional Materials** –reimburses the District for textbooks for courses that award both high school and college credit (dual enrollment).

**2010-2012 GO Bonds/Student Library Fund (SB1)** – funds used to purchase library books and library supplies for all school sites. Program is authorized by State statute.

**Next Generation/Formative Assessments** –Special state appropriation to purchase formative assessments approved the Public Education Department for English language arts and math in grades 4 through 10 per school year 2012-2013.

**Technology for Education PED** - to assist the District to develop and implement a strategic long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The Authority for creation of this fund is NMSA 22-15A-1 to 22-15A-10.

**Incentives for School Improvement Act** – to account for funds received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools.

**Pre K Initiative** –to account for funds received from the State of New Mexico to be used to provide direct services to twenty 4 year old children in Pre-Kindergarten programs.

**Breakfast for Elementary Students** – the 2005 Legislative General Appropriations Act allocated \$475,000 to implement Breakfast in the Classroom for elementary schools in need of improvement based on 2004-2005 AYP designation.

**Kindergarten/Three Plus** – funding provided by the State of New Mexico supporting the extended school year for children in Kindergarten through the 3<sup>rd</sup> grade. This program is managed by the NM PED's Early Childhood Bureau.

**NM Autism** – to account for state funding to plan, implant, coordinate and evaluate programs related to autism and other developmental disabilities. Public Health Service Act 317 (K) (2). Title 42 Part 241 (a).

**Reads to Leads** – to account for resources administered by NMPED to improve reading skills of pre-kindergarten to third grade children within the District. HR 2614.

**NM Highway Department (Road)** – to account for funds received from the NM Department of Transportation to assist with surface needs such as paving school parking areas and bus areas.

Truth or Consequences Municipal Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2014

|  | Special Revenue Funds |           |                      |             |
|--|-----------------------|-----------|----------------------|-------------|
|  | Cafeteria             | Athletics | Migrant<br>Education | Entitlement |
| <b>Assets</b>  |                       |           |                      |             |
| Cash and investments   | \$ 44,723             | \$ -      | \$ -                 | \$ -        |
| Inventory  | 17,530                |           |                      |             |
| Property taxes receivable  |                       |           |                      |             |
| Interfund receivable   |                       |           |                      |             |
| Due from other governments   | 5,189                 |           | 11,689               | 191,096     |
| Total assets   | \$ 67,442             | \$ -      | \$ 11,689            | \$ 191,096  |
| <b>Liabilities</b>   |                       |           |                      |             |
| Accounts payable   | \$ 1,177              | \$ -      | \$ -                 | \$ -        |
| Interfund payable  |                       | 275       | 11,689               | 191,096     |
| Total liabilities  | \$ 1,177              | \$ 275    | \$ 11,689            | \$ 191,096  |
| <b>Deferred Inflows of Resources</b>                                   |                       |           |                      |             |
| Unavailable revenue  | \$ -                  | \$ -      | \$ -                 | \$ -        |
| Total deferred inflows of resources                                    | \$ -                  | \$ -      | \$ -                 | \$ -        |
| <b>Fund balance:</b>   |                       |           |                      |             |
| Nonspendable:  |                       |           |                      |             |
| Inventories  | \$ 17,530             | \$ -      | \$ -                 | \$ -        |
| Restricted for:  |                       |           |                      |             |
| Education  |                       |           |                      |             |
| Food service   | 48,735                |           |                      |             |
| Capital projects   |                       |           |                      |             |
| Unassigned   |                       | (275)     |                      |             |
| Total fund balances  | \$ 66,265             | \$ (275)  | \$ -                 | \$ -        |
| Total liabilities, deferred inflows<br>of resources, and fund balances | \$ 67,442             | \$ -      | \$ 11,689            | \$ 191,096  |

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds

| <u>Preschool</u> | <u>NM<br/>Autism</u> | <u>Homeless<br/>Education</u> | <u>Fruits and<br/>Vegetables</u> | <u>English<br/>Language</u> | <u>Teacher<br/>Training</u> |
|------------------|----------------------|-------------------------------|----------------------------------|-----------------------------|-----------------------------|
| \$ -             | \$ -                 | \$ -                          | \$ -                             | \$ -                        | \$ -                        |
| <u>3,325</u>     | <u>11,960</u>        | <u>17,441</u>                 | <u>4,703</u>                     | <u>238</u>                  | <u>26,296</u>               |
| <u>\$ 3,325</u>  | <u>\$ 11,960</u>     | <u>\$ 17,441</u>              | <u>\$ 4,703</u>                  | <u>\$ 238</u>               | <u>\$ 26,296</u>            |
| \$ -             | \$ -                 | \$ -                          | \$ -                             | \$ -                        | \$ -                        |
| <u>3,325</u>     | <u>11,960</u>        | <u>17,441</u>                 | <u>4,703</u>                     | <u>238</u>                  | <u>26,296</u>               |
| <u>\$ 3,325</u>  | <u>\$ 11,960</u>     | <u>\$ 17,441</u>              | <u>\$ 4,703</u>                  | <u>\$ 238</u>               | <u>\$ 26,296</u>            |
| <u>\$ -</u>      | <u>\$ -</u>          | <u>\$ -</u>                   | <u>\$ -</u>                      | <u>\$ -</u>                 | <u>\$ -</u>                 |
| <u>\$ -</u>      | <u>\$ -</u>          | <u>\$ -</u>                   | <u>\$ -</u>                      | <u>\$ -</u>                 | <u>\$ -</u>                 |
| \$ -             | \$ -                 | \$ -                          | \$ -                             | \$ -                        | \$ -                        |
| <u>\$ -</u>      | <u>\$ -</u>          | <u>\$ -</u>                   | <u>\$ -</u>                      | <u>\$ -</u>                 | <u>\$ -</u>                 |
| <u>\$ 3,325</u>  | <u>\$ 11,960</u>     | <u>\$ 17,441</u>              | <u>\$ 4,703</u>                  | <u>\$ 238</u>               | <u>\$ 26,296</u>            |

Truth or Consequences Municipal Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (continued)**  
June 30, 2014

|  | Special Revenue Funds |                  |                  |                 |
|--|-----------------------|------------------|------------------|-----------------|
|  | Rural<br>Schools      | Carl<br>Perkins  | Medicaid         | ROTC            |
| <b>Assets</b>  |                       |                  |                  |                 |
| Cash and investments   | \$ -                  | \$ -             | \$ -             | \$ 1,080        |
| Inventory  |                       |                  |                  |                 |
| Property taxes receivable  |                       |                  |                  |                 |
| Interfund receivable   |                       |                  |                  |                 |
| Due from other governments   | <u>8,538</u>          | <u>11,970</u>    | <u>43,541</u>    |                 |
| Total assets   | <u>\$ 8,538</u>       | <u>\$ 11,970</u> | <u>\$ 43,541</u> | <u>\$ 1,080</u> |
| <b>Liabilities</b>   |                       |                  |                  |                 |
| Accounts payable   | \$ -                  | \$ -             | \$ -             | \$ -            |
| Interfund payable  | <u>8,538</u>          | <u>11,970</u>    | <u>43,541</u>    |                 |
| Total liabilities  | <u>\$ 8,538</u>       | <u>\$ 11,970</u> | <u>\$ 43,541</u> | <u>\$ -</u>     |
| <b>Deferred Inflows of Resources</b>                                   |                       |                  |                  |                 |
| Unavailable revenue  | <u>\$ -</u>           | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 1,080</u> |
| Total deferred inflows of resources                                    | <u>\$ -</u>           | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 1,080</u> |
| Fund balance:  |                       |                  |                  |                 |
| Nonspendable:  |                       |                  |                  |                 |
| Inventories  | \$ -                  | \$ -             | \$ -             | \$ -            |
| Restricted for:  |                       |                  |                  |                 |
| Education  |                       |                  |                  |                 |
| Food service   |                       |                  |                  |                 |
| Capital projects   |                       |                  |                  |                 |
| Unassigned   |                       |                  |                  |                 |
| Total fund balances  | <u>\$ -</u>           | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>     |
| Total liabilities, deferred inflows<br>of resources, and fund balances | <u>\$ 8,538</u>       | <u>\$ 11,970</u> | <u>\$ 43,541</u> | <u>\$ 1,080</u> |

The accompanying notes are an integral part of these financial statements.

| Special Revenue Funds |                     |                       |                         |                             |                        |
|-----------------------|---------------------|-----------------------|-------------------------|-----------------------------|------------------------|
| <u>Spaceport</u>      | <u>2012 GO Bond</u> | <u>Reads To Leads</u> | <u>Pre-K Initiative</u> | <u>Elementary Breakfast</u> | <u>Kindergarten 3+</u> |
| \$ 142,261            | \$ -                | \$ -                  | \$ -                    | \$ -                        | \$ -                   |
| <u>19,544</u>         | <u>1,015</u>        | <u>44,752</u>         | <u>87,870</u>           | <u>3,813</u>                | <u>91,829</u>          |
| <u>\$ 161,805</u>     | <u>\$ 1,015</u>     | <u>\$ 44,752</u>      | <u>\$ 87,870</u>        | <u>\$ 3,813</u>             | <u>\$ 91,829</u>       |
| \$ -                  | \$ -                | \$ -                  | \$ -                    | \$ -                        | \$ -                   |
| <u>3,727</u>          | <u>1,015</u>        | <u>44,752</u>         | <u>87,870</u>           | <u>3,813</u>                | <u>91,829</u>          |
| <u>\$ 3,727</u>       | <u>\$ 1,015</u>     | <u>\$ 44,752</u>      | <u>\$ 87,870</u>        | <u>\$ 3,813</u>             | <u>\$ 91,829</u>       |
| <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ -</u>           | <u>\$ -</u>             | <u>\$ -</u>                 | <u>\$ -</u>            |
| <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ -</u>           | <u>\$ -</u>             | <u>\$ -</u>                 | <u>\$ -</u>            |
| \$ -                  | \$ -                | \$ -                  | \$ -                    | \$ -                        | \$ -                   |
| 158,078               |                     |                       |                         |                             |                        |
| <u>\$ 158,078</u>     | <u>\$ -</u>         | <u>\$ -</u>           | <u>\$ -</u>             | <u>\$ -</u>                 | <u>\$ -</u>            |
| <u>\$ 161,805</u>     | <u>\$ 1,015</u>     | <u>\$ 44,752</u>      | <u>\$ 87,870</u>        | <u>\$ 3,813</u>             | <u>\$ 91,829</u>       |

Truth or Consequences Municipal Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (concluded)**  
June 30, 2014

|  | Special Revenue Funds |                                | Total      |
|--|-----------------------|--------------------------------|------------|
|  | NM Hwy<br>Department  | Next Generation<br>Assessments |            |
| <b>Assets</b>  |                       |                                |            |
| Cash and investments   | \$ 1,233              | \$ -                           | \$ 189,297 |
| Inventory  |                       |                                | 17,530     |
| Property taxes receivable  |                       |                                | -          |
| Interfund receivable   |                       |                                | -          |
| Due from other governments   |                       | 10,857                         | 595,666    |
|  |                       |                                |            |
| Total assets   | \$ 1,233              | \$ 10,857                      | \$ 802,493 |
| <b>Liabilities</b>   |                       |                                |            |
| Accounts payable   | \$ -                  | \$ -                           | \$ 1,177   |
| Interfund payable  |                       | 10,857                         | 574,935    |
|  |                       |                                |            |
| Total liabilities  | \$ -                  | \$ 10,857                      | \$ 576,112 |
| <b>Deferred Inflows of Resources</b>                                   |                       |                                |            |
| Unavailable revenue  | \$ -                  | \$ -                           | \$ 1,080   |
|  |                       |                                |            |
| Total deferred inflows of resources                                    | \$ -                  | \$ -                           | \$ 1,080   |
| <b>Fund balance:</b>   |                       |                                |            |
| Nonspendable:  |                       |                                |            |
| Inventories  | \$ -                  |                                | \$ 17,530  |
| Restricted for:  |                       |                                |            |
| Education  | 1,233                 |                                | 159,311    |
| Food service   |                       |                                | 48,735     |
| Capital projects   |                       |                                | -          |
| Unassigned   |                       |                                | (275)      |
|  |                       |                                |            |
| Total fund balances  | \$ 1,233              | \$ -                           | \$ 225,301 |
| Total liabilities, deferred inflows<br>of resources, and fund balances | \$ 1,233              | \$ 10,857                      | \$ 802,493 |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2014

|                                    | Special Revenue Funds |                  |                      |                   |
|------------------------------------|-----------------------|------------------|----------------------|-------------------|
|                                    | Cafeteria             | Athletics        | Migrant<br>Education | Entitlement       |
| Revenues:                          |                       |                  |                      |                   |
| Property taxes                     | \$ -                  | \$ -             | \$ -                 | \$ -              |
| Fees and charges                   | 34,789                | 27,559           |                      |                   |
| State aid                          |                       |                  |                      |                   |
| Federal aid                        | 663,573               |                  | 29,284               | 379,892           |
| Earnings on investments            | 22                    |                  |                      |                   |
| Miscellaneous                      |                       |                  |                      |                   |
| <b>Total revenues</b>              | <b>\$ 698,384</b>     | <b>\$ 27,559</b> | <b>\$ 29,284</b>     | <b>\$ 379,892</b> |
| Expenditures:                      |                       |                  |                      |                   |
| Current:                           |                       |                  |                      |                   |
| Instruction                        | \$ -                  | \$ 29,766        | \$ 28,246            | \$ 203,941        |
| Support services - Students        |                       |                  |                      | 161,687           |
| Support services - Instruction     |                       |                  |                      |                   |
| General administration             |                       |                  | 1,038                |                   |
| School administration              |                       |                  |                      | 13,510            |
| Central services                   |                       |                  |                      |                   |
| Operation of plant                 |                       |                  |                      |                   |
| Food services                      | 725,241               |                  |                      |                   |
| Transportation                     |                       |                  |                      | 754               |
| Capital outlay                     |                       |                  |                      |                   |
| <b>Total expenditures</b>          | <b>\$ 725,241</b>     | <b>\$ 29,766</b> | <b>\$ 29,284</b>     | <b>\$ 379,892</b> |
| Revenues over (under) expenditures | \$ (26,857)           | \$ (2,207)       | \$ -                 | \$ -              |
| Other financing sources (uses):    |                       |                  |                      |                   |
| Transfers out                      | -                     | -                | -                    |                   |
| Net change in fund balance         | \$ (26,857)           | \$ (2,207)       | \$ -                 | \$ -              |
| Fund balance, July 1, 2013         | 93,122                | 1,932            |                      |                   |
| Fund balance, June 30, 2014        | <u>\$ 66,265</u>      | <u>\$ (275)</u>  | <u>\$ -</u>          | <u>\$ -</u>       |

The accompanying notes are an integral part of these financial statements.



Special Revenue Funds

| <u>Preschool</u>   | <u>NM<br/>Autism</u> | <u>Homeless<br/>Education</u> | <u>Fruits and<br/>Vegetables</u> | <u>English<br/>Language</u> | <u>Teacher<br/>Training</u> |
|--------------------|----------------------|-------------------------------|----------------------------------|-----------------------------|-----------------------------|
| \$ -               | \$ -                 | \$ -                          | \$ -                             | \$ -                        | \$ -                        |
| 12,827             | 11,960               | 19,194                        | 28,013                           | 890                         | 51,835                      |
| <u>\$ 12,827</u>   | <u>\$ 11,960</u>     | <u>\$ 19,194</u>              | <u>\$ 28,013</u>                 | <u>\$ 890</u>               | <u>\$ 51,835</u>            |
| \$ 11,219          | \$ 9,236<br>2,724    | \$ 2,012<br>17,182            | \$ -                             | \$ 705                      | \$ 39,754<br>2,339          |
| 430                |                      |                               |                                  | 185                         | 2,990<br>6,752              |
| 1,178              |                      |                               | 28,013                           |                             |                             |
| <u>\$ 12,827</u>   | <u>\$ 11,960</u>     | <u>\$ 19,194</u>              | <u>\$ 28,013</u>                 | <u>\$ 890</u>               | <u>\$ 51,835</u>            |
| \$ -               | \$ -                 | \$ -                          | \$ -                             | \$ -                        | \$ -                        |
| \$ -               | \$ -                 | \$ -                          | \$ -                             | \$ -                        | \$ -                        |
| <u><u>\$ -</u></u> | <u><u>\$ -</u></u>   | <u><u>\$ -</u></u>            | <u><u>\$ -</u></u>               | <u><u>\$ -</u></u>          | <u><u>\$ -</u></u>          |

Truth or Consequences Municipal Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (continued)**  
For the Fiscal Year Ended June 30, 2014

|                                    | Special Revenue Funds |                   |                   |                   |
|------------------------------------|-----------------------|-------------------|-------------------|-------------------|
|                                    | Rural<br>Schools      | Carl<br>Perkins   | Medicaid          | ROTC              |
| Revenues:                          |                       |                   |                   |                   |
| Property taxes                     | \$ -                  | \$ -              | \$ -              | \$ -              |
| Fees and charges                   |                       |                   |                   |                   |
| State aid                          |                       |                   |                   |                   |
| Federal aid                        | 28,426                | 21,685            | 75,342            | 71,129            |
| Earnings on investments            |                       |                   |                   |                   |
| Miscellaneous                      |                       |                   |                   |                   |
|                                    | <u>          </u>     | <u>          </u> | <u>          </u> | <u>          </u> |
| Total revenues                     | <u>\$ 28,426</u>      | <u>\$ 21,685</u>  | <u>\$ 75,342</u>  | <u>\$ 71,129</u>  |
| Expenditures:                      |                       |                   |                   |                   |
| Current:                           |                       |                   |                   |                   |
| Instruction                        | \$ 7,633              | \$ 19,239         | \$ -              | \$ 71,129         |
| Support services - Students        |                       | 1,361             | 87,832            |                   |
| Support services - Instruction     |                       |                   |                   |                   |
| General administration             | 905                   | 811               |                   |                   |
| School administration              |                       | 274               |                   |                   |
| Central services                   | 19,888                |                   |                   |                   |
| Operation of plant                 |                       |                   |                   |                   |
| Food services                      |                       |                   |                   |                   |
| Transportation                     |                       |                   |                   |                   |
| Capital outlay                     |                       |                   |                   |                   |
|                                    | <u>          </u>     | <u>          </u> | <u>          </u> | <u>          </u> |
| Total expenditures                 | <u>\$ 28,426</u>      | <u>\$ 21,685</u>  | <u>\$ 87,832</u>  | <u>\$ 71,129</u>  |
| Revenues over (under) expenditures | \$ -                  | \$ -              | \$ (12,490)       | \$ -              |
| Other financing sources (uses):    |                       |                   |                   |                   |
| Tranfers out                       |                       |                   |                   |                   |
|                                    | <u>          </u>     | <u>          </u> | <u>          </u> | <u>          </u> |
| Net change in fund balance         | \$ -                  | \$ -              | \$ (12,490)       | \$ -              |
| Fund balance, July 1, 2013         |                       |                   | 12,490            |                   |
|                                    | <u>          </u>     | <u>          </u> | <u>          </u> | <u>          </u> |
| Fund balance, June 30, 2014        | <u>\$ -</u>           | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       |

The accompanying notes are an integral part of these financial statements.

| Special Revenue Funds    |                    |                    |                    |                             |                     |
|--------------------------|--------------------|--------------------|--------------------|-----------------------------|---------------------|
| Spaceport                | 2012 GO<br>Bond    | 2010 GO<br>Bond    | Reads To<br>Leads  | Technology For<br>Education | Pre-K<br>Initiative |
| \$ -                     | \$ -               | \$ -               | \$ -               | \$ -                        | \$ -                |
|                          | 8,453              | 292                | 84,007             |                             | 193,266             |
| <u>129,474</u>           |                    |                    |                    |                             |                     |
| <u>\$ 129,474</u>        | <u>\$ 8,453</u>    | <u>\$ 292</u>      | <u>\$ 84,007</u>   | <u>\$ -</u>                 | <u>\$ 193,266</u>   |
| \$ 86,130                | \$ -               | \$ -               | \$ 83,207          | \$ -                        | \$ 164,316          |
| 92,674                   | 8,453              | 292                | 800                | 14                          | 7,724               |
|                          |                    |                    |                    |                             | 1,888               |
|                          |                    |                    |                    |                             | 48                  |
|                          |                    |                    |                    |                             | 19,290              |
| <u>\$ 178,804</u>        | <u>\$ 8,453</u>    | <u>\$ 292</u>      | <u>\$ 84,007</u>   | <u>\$ 14</u>                | <u>\$ 193,266</u>   |
| \$ (49,330)              | \$ -               | \$ -               | \$ -               | \$ (14)                     | \$ -                |
| <u>\$ (49,330)</u>       | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ (14)</u>              | <u>\$ -</u>         |
| <u>207,408</u>           |                    |                    |                    | <u>14</u>                   |                     |
| <u><u>\$ 158,078</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>          | <u><u>\$ -</u></u>  |

Truth or Consequences Municipal Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (concluded)**  
For the Fiscal Year Ended June 30, 2014

|                                    | Special Revenue Funds       |                             |                      |                   |
|------------------------------------|-----------------------------|-----------------------------|----------------------|-------------------|
|                                    | Elementary<br>Breakfast     | Kindergarten<br>3+          | NM Hwy<br>Department | School<br>Bus     |
| Revenues:                          |                             |                             |                      |                   |
| Property taxes                     | \$ -                        | \$ -                        | \$ -                 | \$ -              |
| Fees and charges                   |                             |                             |                      |                   |
| State aid                          | 11,094                      | 212,957                     | 28,966               | 183,481           |
| Federal aid                        |                             |                             |                      |                   |
| Earnings on investments            |                             |                             |                      |                   |
| Miscellaneous                      |                             |                             |                      |                   |
|                                    | <u>11,094</u>               | <u>212,957</u>              | <u>28,966</u>        | <u>183,481</u>    |
| Total revenues                     | <u>\$ 11,094</u>            | <u>\$ 212,957</u>           | <u>\$ 28,966</u>     | <u>\$ 183,481</u> |
| Expenditures:                      |                             |                             |                      |                   |
| Current:                           |                             |                             |                      |                   |
| Instruction                        | \$ -                        | \$ 183,674                  | \$ -                 | \$ -              |
| Support services - Students        |                             |                             |                      |                   |
| Support services - Instruction     |                             |                             |                      |                   |
| General administration             |                             |                             |                      |                   |
| School administration              |                             |                             |                      |                   |
| Central services                   |                             |                             |                      |                   |
| Operation of plant                 |                             |                             | 29,758               |                   |
| Food services                      | 11,094                      |                             |                      |                   |
| Transportation                     |                             | 29,283                      |                      |                   |
| Capital outlay                     |                             |                             |                      | 183,481           |
|                                    | <u>11,094</u>               | <u>212,957</u>              | <u>29,758</u>        | <u>183,481</u>    |
| Total expenditures                 | <u>\$ 11,094</u>            | <u>\$ 212,957</u>           | <u>\$ 29,758</u>     | <u>\$ 183,481</u> |
| Revenues over (under) expenditures | \$ -                        | \$ -                        | \$ (792)             | \$ -              |
| Other financing sources (uses):    |                             |                             |                      |                   |
| Transfers out                      |                             |                             |                      |                   |
| Net change in fund balance         | \$ -                        | \$ -                        | \$ (792)             | \$ -              |
| Fund balance, July 1, 2013         | <u>                    </u> | <u>                    </u> | <u>2,025</u>         | <u>-</u>          |
| Fund balance, June 30, 2014        | <u>\$ -</u>                 | <u>\$ -</u>                 | <u>\$ 1,233</u>      | <u>\$ -</u>       |

The accompanying notes are an integral part of these financial statements.

| <u>Special<br/>Revenue Funds<br/>Next Generation<br/>Assessments</u> | <u>Total</u>        |
|--|---------------------|
| \$ -   | \$ -                |
|  | 62,348              |
| 10,857   | 733,373             |
|  | 1,394,050           |
|  | 22                  |
|  | <u>129,474</u>      |
| <u>\$ 10,857</u>   | <u>\$ 2,319,267</u> |
| \$ 10,857  | \$ 951,064          |
|  | 373,523             |
|  | 8,745               |
|  | 8,862               |
|  | 20,769              |
|  | 19,902              |
|  | 29,758              |
|  | 764,348             |
|  | 50,505              |
|  | <u>183,481</u>      |
| <u>\$ 10,857</u>   | <u>\$ 2,410,957</u> |
| \$ -   | \$ (91,690)         |
|  | -                   |
| \$ -   | \$ (91,690)         |
| -  | <u>316,991</u>      |
| <u>\$ -</u>  | <u>\$ 225,301</u>   |

Truth or Consequences Municipal Schools  
**GENERAL FUND**  
**COMBINING BALANCE SHEET**  
June 30, 2014

|  | Operational  | Transportation | Instructional<br>Materials |
|--|--------------|----------------|----------------------------|
| <b>Assets</b>  |              |                |                            |
| Cash and investments   | \$ 1,107,279 | \$ 6,931       | \$ 11,666                  |
| Taxes receivable   | 43,874       |                |                            |
| Due from other governments   | 43,747       |                |                            |
| Interfund receivable   | 809,626      |                |                            |
| Total assets   | \$ 2,004,526 | \$ 6,931       | \$ 11,666                  |
| <br><b>Liabilities</b>   |              |                |                            |
| Accounts payable   | \$ 61,214    | \$ -           | \$ -                       |
| Accrued payroll  | 41,105       |                |                            |
| Interfund payable  |              |                |                            |
| Total liabilities  | \$ 102,319   | \$ -           | \$ -                       |
| <br><b>Deferred Inflows of Resources</b>                               |              |                |                            |
| Unavailable revenue  | \$ 37,507    | \$ -           | \$ -                       |
| Total deferred inflows of resources                                    | \$ 37,507    | \$ -           | \$ -                       |
| <br>Fund balance:  |              |                |                            |
| Unassigned   | \$ 1,864,700 | \$ 6,931       | \$ 11,666                  |
| Total fund balances  | \$ 1,864,700 | \$ 6,931       | \$ 11,666                  |
| Total liabilities, deferred inflows of<br>resources, and fund balances | \$ 2,004,526 | \$ 6,931       | \$ 11,666                  |

The accompanying notes are an integral part of these financial statements.

Total

\$ 1,125,876  
43,874  
43,747  
809,626

\$ 2,023,123

\$ 61,214  
41,105  
-

\$ 102,319

\$ 37,507

\$ 37,507

\$ 1,883,297

\$ 1,883,297

\$ 2,023,123

Truth or Consequences Municipal Schools  
**GENERAL FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For The Fiscal Year Ended June 30, 2014

|                                    | Operational   | Transportation | Instructional<br>Materials |
|------------------------------------|---------------|----------------|----------------------------|
| Revenues:                          |               |                |                            |
| Property taxes                     | \$ 151,695    | \$ -           | \$ -                       |
| Fees and charges                   | 2,688         |                |                            |
| State aid                          | 10,094,355    | 863,144        | 88,716                     |
| Federal aid                        | 190,889       |                |                            |
| Earnings on investments            | 1,407         |                |                            |
| Miscellaneous                      | 4,729         |                |                            |
| Total revenues                     | \$ 10,445,763 | \$ 863,144     | \$ 88,716                  |
| Expenditures:                      |               |                |                            |
| Current:                           |               |                |                            |
| Instruction                        | \$ 6,694,664  | \$ -           | \$ 95,094                  |
| Support services - Students        | 796,213       |                |                            |
| Support services - Instruction     | 31,785        |                |                            |
| General administration             | 500,301       |                |                            |
| School administration              | 744,864       |                |                            |
| Central services                   | 487,851       |                |                            |
| Operation of plant                 | 1,319,054     |                |                            |
| Food services                      |               |                |                            |
| Transportation                     | 27,953        | 854,474        |                            |
| Other support services             | 12,236        |                |                            |
| Capital outlay                     | 2,013         |                |                            |
| Total expenditures                 | \$ 10,616,934 | \$ 854,474     | \$ 95,094                  |
| Revenues over (under) expenditures | \$ (171,171)  | \$ 8,670       | \$ (6,378)                 |
| Other financing sources:           |               |                |                            |
| Transfers in                       |               |                |                            |
| Net change in fund balance         | \$ (171,171)  | \$ 8,670       | \$ (6,378)                 |
| Fund balance, July 1, 2013         | 2,035,871     | (1,739)        | 18,044                     |
| Fund balance, June 30, 2014        | \$ 1,864,700  | \$ 6,931       | \$ 11,666                  |

The accompanying notes are an integral part of these financial statements.



| <u>Total</u> |                   |
|--------------|-------------------|
| \$           | 151,695           |
|              | 2,688             |
|              | 11,046,215        |
|              | 190,889           |
|              | 1,407             |
|              | <u>4,729</u>      |
| <u>\$</u>    | <u>11,397,623</u> |
| <br>         |                   |
| \$           | 6,789,758         |
|              | 796,213           |
|              | 31,785            |
|              | 500,301           |
|              | 744,864           |
|              | 487,851           |
|              | 1,319,054         |
|              | -                 |
|              | 882,427           |
|              | 12,236            |
|              | <u>2,013</u>      |
| <u>\$</u>    | <u>11,566,502</u> |
| <br>         |                   |
| \$           | (168,879)         |
| <br>         |                   |
|              | -                 |
| <u>\$</u>    | <u>(168,879)</u>  |
| <br>         |                   |
|              | 2,052,176         |
| <u>\$</u>    | <u>1,883,297</u>  |

Truth or Consequences Municipal Schools  
**GENERAL FUND/OPERATIONAL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------|-------------------|--|
| <b>Revenues:</b>  |                    |                   |                   |  |
| Federal sources   | \$ 27,231          | \$ 27,231         | \$ 190,890        | \$ 163,659                             |
| State sources   | 10,182,003         | 11,586,697        | 10,060,790        | (1,525,907)                            |
| Local sources   | 145,819            | 145,819           | 156,866           | 11,047                                 |
| Interest income   | 800                | 800               | 1,407             | 607                                    |
| <br>Total revenues  | <br>\$ 10,355,853  | <br>\$ 11,760,547 | <br>\$ 10,409,953 | <br>\$ (1,350,594)                     |
| <br><b>Expenditures:</b>                                    |                    |                   |                   |  |
| <b>Current:</b>   |                    |                   |                   |  |
| Instruction   | \$ 7,049,484       | \$ 6,997,293      | \$ 6,704,761      | \$ 292,532                             |
| Support services - Students                                 | 917,024            | 921,043           | 795,471           | 125,572                                |
| Support services - Instructio                               | 41,110             | 33,965            | 31,785            | 2,180                                  |
| General administration                                      | 480,219            | 509,420           | 471,101           | 38,319                                 |
| School administration                                       | 700,016            | 747,802           | 744,794           | 3,008                                  |
| Central services  | 499,592            | 512,595           | 486,321           | 26,274                                 |
| Operation of plant  | 1,324,855          | 1,358,881         | 1,330,566         | 28,315                                 |
| Community services  |                    |                   | 126               | (126)                                  |
| Other support services                                      | 47,816             | 47,816            | 22,203            | 25,613                                 |
| Capital outlay  | -                  | 1,335,995         | 1,887             | 1,334,108                              |
| <br>Total expenditures                                      | <br>\$ 11,060,116  | <br>\$ 12,464,810 | <br>\$ 10,589,015 | <br>\$ 1,875,795                       |
| <br>Net change in fund balance                              | <br>\$ (704,263)   | <br>\$ (704,263)  | <br>\$ (179,062)  | <br>\$ 525,201                         |
| <br>Fund balance, July 1, 2013                              | <br>704,263        | <br>704,263       | <br>2,071,077     | <br>1,366,814                          |
| <br>Fund balance, June 30, 2014                             | <br>\$ -           | <br>\$ -          | <br>\$ 1,892,015  | <br>\$ 1,892,015                       |
| <br><b>Budgetary reconciliation:</b>                        |                    |                   |                   |  |
| Net change in fund balance, GAAP basis                      |                    |                   | \$ (171,171)      |  |
| Revenue accruals (net)                                      |                    |                   | (35,810)          |  |
| Expenditure accruals (net)                                  |                    |                   | 27,919            |  |
| Other financing sources (net)                               |                    |                   |                   |  |
| <br>Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                   | <br>\$ (179,062)  |  |

The accompanying notes are an integral part of these financial statements

Truth or Consequences Municipal Schools  
**GENERAL FUND/INSTRUCTIONAL MATERIALS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues:   |                    |                 |            |  |
| State sources   | \$ 68,633          | \$ 84,677       | \$ 88,716  | \$ 4,039                               |
| Expenditures:   |                    |                 |            |  |
| Current:  |                    |                 |            |  |
| Instruction   | \$ 75,633          | \$ 91,677       | \$ 84,912  | \$ 6,765                               |
| Support services - Instruction                          |                    |                 |            | -                                      |
| Total expenditures                                      | \$ 75,633          | \$ 91,677       | \$ 84,912  | \$ 6,765                               |
| Net change in fund balance                              | \$ (7,000)         | \$ (7,000)      | \$ 3,804   | \$ 10,804                              |
| Fund balance, July 1, 2013                              | 7,000              | 7,000           | 7,862      | 862                                    |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ 11,666  | \$ 11,666                              |
| Budgetary reconciliation:                               |                    |                 |            |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ (6,378) |  |
| Revenue accruals (net)                                  |                    |                 | -          |  |
| Expenditure accruals (net)                              |                    |                 | 10,182     |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ 3,804   |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**GENERAL FUND/TRANSPORTATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------|-------------------|--|
| Revenues:   |                    |                   |                   |  |
| State sources   | \$ 827,293         | \$ 859,545        | \$ 859,143        | \$ (402)                               |
| Local sources   |                    |                   | 4,001             | 4,001                                  |
| Earnings on investments                                 |                    |                   |                   | -                                      |
| Total revenues  | <u>\$ 827,293</u>  | <u>\$ 859,545</u> | <u>\$ 863,144</u> | <u>\$ 3,599</u>                        |
| Expenditures:   |                    |                   |                   |  |
| Current:  |                    |                   |                   |  |
| Transportation  | \$ 827,293         | \$ 859,545        | \$ 857,016        | \$ 2,529                               |
| Capital outlay  |                    |                   |                   | -                                      |
| Total expenditures                                      | <u>\$ 827,293</u>  | <u>\$ 859,545</u> | <u>\$ 857,016</u> | <u>\$ 2,529</u>                        |
| Net change in fund balance                              | \$ -               | \$ -              | \$ 6,128          | \$ 6,128                               |
| Fund balance, July 1, 2013                              |                    |                   | 803               | 803                                    |
| Fund balance, June 30, 2014                             | <u>\$ -</u>        | <u>\$ -</u>       | <u>\$ 6,931</u>   | <u>\$ 6,931</u>                        |
| Budgetary reconciliation:                               |                    |                   |                   |  |
| Net change in fund balance, GAAP basis                  |                    |                   | \$ 8,670          |  |
| Revenue accruals (net)                                  |                    |                   |                   |  |
| Expenditure accruals (net)                              |                    |                   | (2,542)           |  |
| Other financing sources (net)                           |                    |                   |                   |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                   | <u>\$ 6,128</u>   |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - CAFETERIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>      | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|--------------------|---|
| Revenues:   |                            |                         |                    |   |
| Federal sources   | \$ 550,000                 | \$ 574,446              | \$ 614,899         | \$ 40,453                                       |
| Local sources   | 45,393                     | 45,393                  | 34,789             | (10,604)  |
| Earnings on investments                                 | <u>30</u>                  | <u>30</u>               | <u>22</u>          | <u>(8)</u>                                      |
| Total revenues  | <u>\$ 595,423</u>          | <u>\$ 619,869</u>       | <u>\$ 649,710</u>  | <u>\$ 29,841</u>                                |
| Expenditures:   |                            |                         |                    |   |
| Current:  |                            |                         |                    |   |
| Food services   | \$ 645,430                 | \$ 669,876              | \$ 679,440         | \$ (9,564)                                      |
| Capital outlay  |                            |                         |                    | -   |
| Total expenditures                                      | <u>\$ 645,430</u>          | <u>\$ 669,876</u>       | <u>\$ 679,440</u>  | <u>\$ (9,564)</u>                               |
| Net change in fund balance                              | \$ (50,007)                | \$ (50,007)             | \$ (29,730)        | \$ 20,277                                       |
| Fund balance, July 1, 2013                              | <u>50,007</u>              | <u>50,007</u>           | <u>74,453</u>      | <u>24,446</u>                                   |
| Fund balance, June 30, 2014                             | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 44,723</u>   | <u>\$ 44,723</u>                                |
| Budgetary reconciliation:                               |                            |                         |                    |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ (26,857)        |   |
| Revenue accruals (net)                                  |                            |                         | (48,674)           |   |
| Expenditure accruals (net)                              |                            |                         | 45,801             |   |
| Other financing sources (net)                           |                            |                         |                    |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u>\$ (29,730)</u> |   |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - ATHLETICS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues:   |                    |                 |            |  |
| Local sources   | \$ 33,997          | \$ 33,739       | \$ 27,559  | \$ (6,180)                             |
| Expenditures:   |                    |                 |            |  |
| Current:  |                    |                 |            |  |
| Instruction   | \$ 36,186          | \$ 35,928       | \$ 29,766  | \$ 6,162                               |
| Capital outlay  |                    |                 |            | -                                      |
| Total expenditures                                      | \$ 36,186          | \$ 35,928       | \$ 29,766  | \$ 6,162                               |
| Net change in fund balance                              | \$ (2,189)         | \$ (2,189)      | \$ (2,207) | \$ (18)                                |
| Fund balance, July 1, 2013                              | 2,189              | 2,189           | 1,932      | (257)                                  |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ (275)   | \$ (275)                               |
| Budgetary reconciliation:                               |                    |                 |            |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ (2,207) |  |
| Revenue accruals (net)                                  |                    |                 |            |  |
| Expenditure accruals (net)                              |                    |                 |            |  |
| Other financing sources (net)                           |                    |                 |            |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ (2,207) |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - MIGRANT EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues:   |                    |                 |            |  |
| Federal sources   | \$ 13,500          | \$ 35,527       | \$ 20,042  | \$ (15,485)                            |
| Expenditures:   |                    |                 |            |  |
| Current:  |                    |                 |            |  |
| Instruction   | \$ 13,500          | \$ 34,489       | \$ 28,246  | \$ 6,243                               |
| General administration                                  |                    | 1,038           | 1,038      | -                                      |
| Tranportation   |                    |                 |            | -                                      |
| Total expenditures                                      | \$ 13,500          | \$ 35,527       | \$ 29,284  | \$ 6,243                               |
| Net change in fund balance                              | \$ -               | \$ -            | \$ (9,242) | \$ (9,242)                             |
| Fund balance, July 1, 2013                              | -                  | -               | -          | -                                      |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ (9,242) | \$ (9,242)                             |
| Budgetary reconciliation:                               |                    |                 |            |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -       |  |
| Revenue accruals (net)                                  |                    |                 | (9,242)    |  |
| Expenditure accruals (net)                              |                    |                 |            |  |
| Other financing sources (net)                           |                    |                 |            |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ (9,242) |  |

The accompanying notes are an integral part of these financial statements

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - PRESCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues:   |                    |                 |            |  |
| Federal sources   | \$ 11,607          | \$ 14,714       | \$ 21,019  | \$ 6,305                               |
| Expenditures:   |                    |                 |            |  |
| Current:  |                    |                 |            |  |
| Instruction   | \$ 11,273          | \$ 14,284       | \$ 11,219  | \$ 3,065                               |
| General administration                                  | 334                | 430             | 430        | -                                      |
| Transportation  |                    |                 | 1,178      | (1,178)                                |
| Total expenditures                                      | \$ 11,607          | \$ 14,714       | \$ 12,827  | \$ 1,887                               |
| Net change in fund balance                              | \$ -               | \$ -            | \$ 8,192   | \$ 8,192                               |
| Fund balance, July 1, 2013                              | -                  | -               | (11,517)   | (11,517)                               |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ (3,325) | \$ (3,325)                             |
| Budgetary reconciliation:                               |                    |                 |            |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -       |  |
| Revenue accruals (net)                                  |                    |                 | 8,192      |  |
| Expenditure accruals (net)                              |                    |                 | -          |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ 8,192   |  |

The accompanying notes are an integral part of these financial statements.



Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - ENTITLEMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>              | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|----------------------------|---|
| Revenues:   |                            |                         |                            |   |
| Federal sources   | \$ 347,456                 | \$ 462,346              | \$ 294,002                 | \$ (168,344)                                    |
| Expenditures:   |                            |                         |                            |   |
| Current:  |                            |                         |                            |   |
| Instruction   | \$ 185,608                 | \$ 247,913              | \$ 203,941                 | \$ 43,972                                       |
| Support services - Students                             | 151,858                    | 200,122                 | 161,957                    | 38,165  |
| Support services - Instruction                          |                            |                         |                            | -   |
| General administration                                  | 9,990                      | 13,510                  | 13,510                     | -   |
| Transportation  |                            | 801                     | 754                        | 47  |
| Total expenditures                                      | <u>\$ 347,456</u>          | <u>\$ 462,346</u>       | <u>\$ 380,162</u>          | <u>\$ 82,184</u>                                |
| Net change in fund balance                              | \$ -                       | \$ -                    | \$ (86,160)                | \$ (86,160)                                     |
| Fund balance, July 1, 2013                              | <u>-</u>                   | <u>-</u>                | <u>(104,936)</u>           | <u>(104,936)</u>                                |
| Fund balance, June 30, 2014                             | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>      | <u><u>\$ (191,096)</u></u> | <u><u>\$ (191,096)</u></u>                      |
| Budgetary reconciliation:                               |                            |                         |                            |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ -                       |   |
| Revenue accruals (net)                                  |                            |                         | (85,890)                   |   |
| Expenditure accruals (net)                              |                            |                         | (290)                      |   |
| Other financing sources (net)                           |                            |                         | <u>          </u>          |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u>\$ (86,180)</u>         |   |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - NEW MEXICO AUTISM PROJECT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>             | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------------|---|
| Revenues:   |                            |                         |                           |   |
| Federal sources   | \$ -                       | \$ 11,960               | \$ -                      | \$ (11,960)                                     |
| Expenditures:   |                            |                         |                           |   |
| Current:  |                            |                         |                           |   |
| Instruction   | \$ -                       | \$ 9,611                | \$ 9,236                  | \$ 375  |
| Support services - Students                             |                            | 2,000                   | 2,724                     | (724)   |
| General administration                                  |                            | 349                     |                           | 349   |
| Total expenditures                                      | <u>\$ -</u>                | <u>\$ 11,960</u>        | <u>\$ 11,960</u>          | <u>\$ -</u>                                     |
| Net change in fund balance                              | \$ -                       | \$ -                    | \$ (11,960)               | \$ (11,960)                                     |
| Fund balance, July 1, 2013                              | <u>-</u>                   | <u>-</u>                |                           | <u>-</u>  |
| Fund balance, June 30, 2014                             | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>      | <u><u>\$ (11,960)</u></u> | <u><u>\$ (11,960)</u></u>                       |
| Budgetary reconciliation:                               |                            |                         |                           |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ -                      |   |
| Revenue accruals (net)                                  |                            |                         | (11,960)                  |   |
| Expenditure accruals (net)                              |                            |                         | <u>-</u>                  |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u><u>\$ (11,960)</u></u> |   |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - EDUCATION OF HOMELESS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual      | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|-------------|--|
| Revenues:   |                    |                 |             |  |
| Federal sources   | \$ 9,000           | \$ 20,000       | \$ 4,919    | \$ (15,081)                            |
| Expenditures:   |                    |                 |             |  |
| Current:  |                    |                 |             |  |
| Instruction   | \$ 1,000           | \$ 8,000        | \$ 2,012    | \$ 5,988                               |
| Student support   | 8,000              | 12,000          | 17,182      | (5,182)                                |
| Total expenditures                                      | \$ 9,000           | \$ 20,000       | \$ 19,194   | \$ 806                                 |
| Net change in fund balance                              | \$ -               | \$ -            | \$ (14,275) | \$ (14,275)                            |
| Fund balance, July 1, 2013                              | -                  | -               | (3,166)     | (3,166)                                |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ (17,441) | \$ (17,441)                            |
| Budgetary reconciliation:                               |                    |                 |             |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -        |  |
| Revenue accruals (net)                                  |                    |                 | (14,275)    |  |
| Expenditure accruals (net)                              |                    |                 |             |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ (14,275) |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - ENGLISH LANGUAGE ACQUISITION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual    | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Revenues:   |                    |                 |           |  |
| Federal sources   | \$ 7,327           | \$ 893          | \$ 12,602 | \$ 11,709                              |
| Expenditures:   |                    |                 |           |  |
| Current:  |                    |                 |           |  |
| Instruction   | \$ 5,077           | \$ 705          | \$ 705    | \$ -                                   |
| General administration                                  |                    |                 |           | -                                      |
| School administration                                   | 2,250              | 188             | 185       | 3                                      |
| Community service                                       |                    |                 |           | -                                      |
| Total expenditures                                      | \$ 7,327           | \$ 893          | \$ 890    | \$ 3                                   |
| Net change in fund balance                              | \$ -               | \$ -            | \$ 11,712 | \$ 11,712                              |
| Fund balance, July 1, 2013                              | -                  | -               | (11,950)  | (11,950)                               |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ (238)  | \$ (238)                               |
| Budgetary reconciliation:                               |                    |                 |           |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -      |  |
| Revenue accruals (net)                                  |                    |                 | 11,712    |  |
| Expenditure accruals (net)                              |                    |                 | -         |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ 11,712 |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - TEACHER TRAINING**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual      | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|-------------|--|
| Revenues:   |                    |                 |             |  |
| Federal sources   | \$ 75,013          | \$ 99,080       | \$ 66,262   | \$ (32,818)                            |
| Expenditures:   |                    |                 |             |  |
| Current:  |                    |                 |             |  |
| Instruction   | \$ 56,010          | \$ 80,077       | \$ 39,754   | \$ 40,323                              |
| Support services - Students                             | -                  | 6,000           | 2,339       | 3,661                                  |
| General administration                                  | 2,157              | 3,992           | 2,990       | 1,002                                  |
| School administration                                   | 16,846             | 9,011           | 6,752       | 2,259                                  |
| Total expenditures                                      | \$ 75,013          | \$ 99,080       | \$ 51,835   | \$ 47,245                              |
| Net change in fund balance                              | \$ -               | \$ -            | \$ 14,427   | \$ 14,427                              |
| Fund balance, July 1, 2013                              | -                  | -               | (40,723)    | (40,723)                               |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ (26,296) | \$ (26,296)                            |
| Budgetary reconciliation:                               |                    |                 |             |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -        |  |
| Revenue accruals (net)                                  |                    |                 | 14,427      |  |
| Expenditure accruals (net)                              |                    |                 |             |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ 14,427   |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - SAFE AND DRUG-FREE SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual      | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|-------------|--|
| Revenues:   |                    |                 |             |  |
| State sources   | \$ -               | \$ 84,082       | \$ 39,255   | \$ (44,827)                            |
| <br>  |                    |                 |             |  |
| Expenditures:   |                    |                 |             |  |
| Current:  |                    |                 |             |  |
| Instruction   | \$ -               | \$ 83,282       | \$ 83,207   | \$ 75                                  |
| Support services - Students                             |                    |                 |             | -                                      |
| General administration                                  |                    | 800             | 800         | -                                      |
| Central services  |                    |                 |             | -                                      |
| Total expenditures                                      | \$ -               | \$ 84,082       | \$ 84,007   | \$ 75                                  |
| Net change in fund balance                              | \$ -               | \$ -            | \$ (44,752) | \$ (44,752)                            |
| Fund balance, July 1, 2013                              | -                  | -               | -           | -                                      |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ (44,752) | \$ (44,752)                            |
| <br>  |                    |                 |             |  |
| Budgetary reconciliation:                               |                    |                 |             |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -        |  |
| Revenue accruals (net)                                  |                    |                 | (44,752)    |  |
| Expenditure accruals (net)                              |                    |                 | -           |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ (44,752) |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - RURAL EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues:   |                    |                 |            |  |
| Federal sources   | \$ 22,903          | \$ 30,988       | \$ 64,271  | \$ 33,283                              |
| Expenditures:   |                    |                 |            |  |
| Current:  |                    |                 |            |  |
| Instruction   | \$ 2,712           | \$ 10,194       | \$ 7,633   | \$ 2,561                               |
| General administration                                  | 658                | 906             | 905        | 1                                      |
| School administration                                   |                    |                 |            | -                                      |
| Central services  | 19,533             | 19,888          | 19,888     | -                                      |
| Total expenditures                                      | \$ 22,903          | \$ 30,988       | \$ 28,426  | \$ 2,562                               |
| Net change in fund balance                              | \$ -               | \$ -            | \$ 35,845  | \$ 35,845                              |
| Fund balance, July 1, 2013                              | -                  | -               | (44,383)   | (44,383)                               |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ (8,538) | \$ (8,538)                             |
| Budgetary reconciliation:                               |                    |                 |            |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -       |  |
| Revenue accruals (net)                                  |                    |                 | 35,845     |  |
| Expenditure accruals (net)                              |                    |                 |            |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ 35,845  |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - PED: TECH FOR EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>         | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|-----------------------|---|
| Revenues:   |                            |                         |                       |   |
| State sources   | \$ -                       | \$ -                    | \$ -                  | \$ -  |
| Expenditures:   |                            |                         |                       |   |
| Current:  |                            |                         |                       |   |
| Instruction   | \$ -                       | \$ -                    | \$ -                  | \$ -  |
| Support services - Students                             |                            |                         |                       | -   |
| Support services - Instruction                          |                            |                         |                       | -   |
| General administration                                  |                            |                         |                       | -   |
| School administration                                   |                            |                         |                       | -   |
| Central services  |                            | 14                      | 14                    | -   |
| Capital outlay  |                            |                         |                       | -   |
| Total expenditures                                      | <u>\$ -</u>                | <u>\$ 14</u>            | <u>\$ 14</u>          | <u>\$ -</u>                                     |
| Net change in fund balance                              | \$ -                       | \$ (14)                 | \$ (14)               | \$ -  |
| Fund balance, July 1, 2013                              | <u>-</u>                   | <u>14</u>               | <u>14</u>             | <u>-</u>  |
| Fund balance, June 30, 2014                             | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>      | <u><u>\$ -</u></u>    | <u><u>\$ -</u></u>                              |
| Budgetary reconciliation:                               |                            |                         |                       |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ (14)               |   |
| Revenue accruals (net)                                  |                            |                         |                       |   |
| Expenditure accruals (net)                              |                            |                         |                       |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u><u>\$ (14)</u></u> |   |



Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - FRESH FRUIT AND VEGETABLES**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>            | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|--------------------------|---|
| Revenues:   |                            |                         |                          |   |
| Federal sources   | \$ -                       | \$ 25,869               | \$ 23,310                | \$ (2,559)                                      |
| Expenditures:   |                            |                         |                          |   |
| Current:  |                            |                         |                          |   |
| Food services   | <u>-</u>                   | <u>25,869</u>           | <u>28,013</u>            | <u>(2,144)</u>                                  |
| Net change in fund balance                              | \$ -                       | \$ -                    | \$ (4,703)               | \$ (4,703)                                      |
| Fund balance, July 1, 2013                              | <u>-</u>                   | <u>-</u>                | <u>-</u>                 | <u>-</u>  |
| Fund balance, June 30, 2014                             | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>      | <u><u>\$ (4,703)</u></u> | <u><u>\$ (4,703)</u></u>                        |
| Budgetary reconciliation:                               |                            |                         |                          |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ -                     |   |
| Revenue accruals (net)                                  |                            |                         | (4,703)                  |   |
| Expenditure accruals (net)                              |                            |                         | <u>-</u>                 |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u><u>\$ (4,703)</u></u> |   |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - KINDERGARTEN 3+**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>               | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------------|-------------------------|-----------------------------|--|
| Revenues:   |                            |                         |                             |  |
| State sources   | <u>\$ 182,305</u>          | <u>\$ 215,541</u>       | <u>\$ 127,352</u>           | <u>\$ (88,189)</u>                     |
| Expenditures:   |                            |                         |                             |  |
| Current:  |                            |                         |                             |  |
| Instruction   | \$ 158,007                 | \$ 192,643              | \$ 183,674                  | \$ 8,969                               |
| School administration                                   |                            | 4,600                   |                             | 4,600                                  |
| Transportation  | <u>24,298</u>              | <u>18,298</u>           | <u>29,283</u>               | <u>(10,985)</u>                        |
| Total expenditures                                      | <u>\$ 182,305</u>          | <u>\$ 215,541</u>       | <u>\$ 212,957</u>           | <u>\$ 2,584</u>                        |
| Net change in fund balance                              | \$ -                       | \$ -                    | \$ (85,605)                 | \$ (85,605)                            |
| Fund balance, July 1, 2013                              | <u>-</u>                   | <u>-</u>                | <u>(6,224)</u>              | <u>(6,224)</u>                         |
| Fund balance, June 30, 2014                             | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>      | <u><u>\$ (91,829)</u></u>   | <u><u>\$ (91,829)</u></u>              |
| Budgetary reconciliation:                               |                            |                         |                             |  |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ -                        |  |
| Revenue accruals (net)                                  |                            |                         | (85,605)                    |  |
| Expenditure accruals (net)                              |                            |                         | <u>                    </u> |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u><u>\$ (85,605)</u></u>   |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - IDEA B RISK POOL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>          | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|------------------------|---|
| Revenues:   |                            |                         |                        |   |
| Federal sources   | \$ -                       | \$ 2,905                | \$ 1,798               | \$ (1,107)                                      |
| Expenditures:   |                            |                         |                        |   |
| Current:  |                            |                         |                        |   |
| Instruction   | \$ -                       | \$ 2,820                | \$ -                   | \$ 2,820  |
| Support services - Students                             |                            |                         |                        | -   |
| General administration                                  |                            | 85                      |                        | 85  |
| Total expenditures                                      | <u>\$ -</u>                | <u>\$ 2,905</u>         | <u>\$ -</u>            | <u>\$ 2,905</u>                                 |
| Net change in fund balance                              | \$ -                       | \$ -                    | \$ 1,798               | \$ 1,798  |
| Fund balance, July 1, 2013                              | <u>-</u>                   | <u>-</u>                | <u>(1,798)</u>         | <u>(1,798)</u>                                  |
| Fund balance, June 30, 2014                             | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>      | <u><u>\$ -</u></u>     | <u><u>\$ -</u></u>                              |
| Budgetary reconciliation:                               |                            |                         |                        |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ -                   |   |
| Revenue accruals (net)                                  |                            |                         | 1,798                  |   |
| Expenditure accruals (net)                              |                            |                         | <u>-</u>               |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u><u>\$ 1,798</u></u> |   |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - CARL PERKINS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual      | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|-------------|--|
| Revenues:   |                    |                 |             |  |
| Federal sources   | \$ 14,930          | \$ 21,894       | \$ 13,987   | \$ (7,907)                             |
| Expenditures:   |                    |                 |             |  |
| Current:  |                    |                 |             |  |
| Instruction   | \$ 11,910          | \$ 19,249       | \$ 19,239   | \$ 10                                  |
| Support services - Students                             | 2,000              | 1,432           | 1,361       | 71                                     |
| General administration                                  | 200                | 904             | 811         | 93                                     |
| School administration                                   | 820                | 309             | 274         | 35                                     |
| Total expenditures                                      | \$ 14,930          | \$ 21,894       | \$ 21,685   | \$ 209                                 |
| Net change in fund balance                              | \$ -               | \$ -            | \$ (7,698)  | \$ (7,698)                             |
| Fund balance, July 1, 2013                              | -                  | -               | (4,272)     | (4,272)                                |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ (11,970) | \$ (11,970)                            |
| Budgetary reconciliation:                               |                    |                 |             |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -        |  |
| Revenue accruals (net)                                  |                    |                 | (7,698)     |  |
| Expenditure accruals (net)                              |                    |                 | -           |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ (7,698)  |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - MEDICAID**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>             | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------------|---|
| Revenues:   |                            |                         |                           |   |
| Federal sources   | \$ 89,158                  | \$ 101,648              | \$ 31,801                 | \$ (69,847)                                     |
| Expenditures:   |                            |                         |                           |   |
| Current:  |                            |                         |                           |   |
| Support services - Students                             | \$ 89,158                  | \$ 101,648              | \$ 87,832                 | \$ 13,816                                       |
| Other support services                                  |                            |                         |                           | -   |
| Total expenditures                                      | <u>\$ 89,158</u>           | <u>\$ 101,648</u>       | <u>\$ 87,832</u>          | <u>\$ 13,816</u>                                |
| Net change in fund balance                              | \$ -                       | \$ -                    | \$ (56,031)               | \$ (56,031)                                     |
| Fund balance, July 1, 2013                              | <u>-</u>                   | <u>-</u>                | <u>12,490</u>             | <u>12,490</u>                                   |
| Fund balance, June 30, 2014                             | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>      | <u><u>\$ (43,541)</u></u> | <u><u>\$ (43,541)</u></u>                       |
| Budgetary reconciliation:                               |                            |                         |                           |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ (12,490)               |   |
| Revenue accruals (net)                                  |                            |                         | (43,541)                  |   |
| Expenditure accruals (net)                              |                            |                         |                           |   |
| Other financing sources (net)                           |                            |                         |                           |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u><u>\$ (56,031)</u></u> |   |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - ROTC**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| Revenues:   |                            |                         |                   |   |
| State sources   | \$ 68,705                  | \$ 71,130               | \$ 67,247         | \$ (3,883)                                      |
| Expenditures:   |                            |                         |                   |   |
| Current:  |                            |                         |                   |   |
| Instruction   | \$ 68,705                  | \$ 71,130               | \$ 71,129         | \$ 1  |
| General administration                                  |                            |                         |                   | -   |
| Total expenditures                                      | <u>\$ 68,705</u>           | <u>\$ 71,130</u>        | <u>\$ 71,129</u>  | <u>\$ 1</u>                                     |
| Net change in fund balance                              | \$ -                       | \$ -                    | \$ (3,882)        | \$ (3,882)                                      |
| Fund balance, July 1, 2013                              | <u>-</u>                   | <u>-</u>                | <u>4,962</u>      | <u>4,962</u>                                    |
| Fund balance, June 30, 2014                             | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 1,080</u>   | <u>\$ 1,080</u>                                 |
| Budgetary reconciliation:                               |                            |                         |                   |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ -              |   |
| Revenue accruals (net)                                  |                            |                         | (3,882)           |   |
| Expenditure accruals (net)                              |                            |                         | <u>-</u>          |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u>\$ (3,882)</u> |   |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - SPACEPORT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual      | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|-------------|--|
| Revenues:   |                    |                 |             |  |
| Local sources   | \$ 276,360         | \$ 296,670      | \$ 119,435  | \$ (177,235)                           |
| Expenditures:   |                    |                 |             |  |
| Current:  |                    |                 |             |  |
| Instruction   | \$ 169,177         | \$ 189,487      | \$ 86,177   | \$ 103,310                             |
| Support services - Students                             | 97,183             | 98,655          | 92,674      | 5,981                                  |
| School administration                                   | 10,000             | 8,528           |             | 8,528                                  |
| Total expenditures                                      | \$ 276,360         | \$ 296,670      | \$ 178,851  | \$ 117,819                             |
| Net change in fund balance                              | \$ -               | \$ -            | \$ (59,416) | \$ (59,416)                            |
| Fund balance, July 1, 2013                              | -                  | -               | 201,677     | 201,677                                |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ 142,261  | \$ 142,261                             |
| Budgetary reconciliation:                               |                    |                 |             |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ (49,330) |  |
| Revenue accruals (net)                                  |                    |                 | (10,039)    |  |
| Expenditure accruals (net)                              |                    |                 | (47)        |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ (59,416) |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - STATE EQUALIZATION STIMULUS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues:   |                    |                 |            |  |
| State sources   | \$ 16,604          | \$ 16,604       | \$ 7,438   | \$ (9,166)                             |
| Expenditures:   |                    |                 |            |  |
| Current:  |                    |                 |            |  |
| Instruction   | \$ -               | \$ -            | \$ -       | \$ -                                   |
| Support services - Students                             |                    |                 |            | -                                      |
| Support services - Instruction                          | 16,604             | 16,604          | 8,453      | 8,151                                  |
| General administration                                  |                    |                 |            | -                                      |
| School administration                                   |                    |                 |            | -                                      |
| Operation of plant                                      |                    |                 |            | -                                      |
| Capital outlay  |                    |                 |            | -                                      |
| Total expenditures                                      | \$ 16,604          | \$ 16,604       | \$ 8,453   | \$ 8,151                               |
| Net change in fund balance                              | \$ -               | \$ -            | \$ (1,015) | \$ (1,015)                             |
| Fund balance, July 1, 2013                              | -                  | -               |            | -                                      |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ (1,015) | \$ (1,015)                             |
| Budgetary reconciliation:                               |                    |                 |            |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -       |  |
| Revenue accruals (net)                                  |                    |                 | (1,015)    |  |
| Expenditure accruals (net)                              |                    |                 |            |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ (1,015) |  |

The accompanying notes are an integral part of these financial statements.



Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - 2010 GO BONDS STUDENT LIBRARY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual   | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|----------|--|
| Revenues:   |                    |                 |          |  |
| State sources   | \$ -               | \$ 293          | \$ 4,195 | \$ 3,902                               |
| Expenditures:   |                    |                 |          |  |
| Current:  |                    |                 |          |  |
| Support services - Instruction                          |                    | \$ 293          | \$ 292   | \$ 1                                   |
| Net change in fund balance                              | \$ -               | \$ -            | \$ 3,903 | \$ 3,903                               |
| Fund balance, July 1, 2013                              | -                  | -               | (3,903)  | (3,903)                                |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ -     | \$ -                                   |
| Budgetary reconciliation:                               |                    |                 |          |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -     |  |
| Revenue accruals (net)                                  |                    |                 | 3,903    |  |
| Expenditure accruals (net)                              |                    |                 |          |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ 3,903 |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - PRE K INITIATIVE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual      | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|-------------|--|
| Revenues:   |                    |                 |             |  |
| State sources   | \$ 196,000         | \$ 196,000      | \$ 138,217  | \$ (57,783)                            |
| Expenditures:   |                    |                 |             |  |
| Current:  |                    |                 |             |  |
| Instruction   | \$ 178,100         | \$ 163,889      | \$ 164,316  | \$ (427)                               |
| Support services - Students                             |                    | 8,025           | 7,724       | 301                                    |
| Support services - Instruction                          |                    |                 |             | -                                      |
| General administration                                  | 1,900              | 1,900           | 1,888       | 12                                     |
| School administration                                   |                    | 50              | 48          | 2                                      |
| Transportation  | 16,000             | 22,136          | 19,290      | 2,846                                  |
| Capital outlay  |                    |                 |             | -                                      |
| Total expenditures                                      | \$ 196,000         | \$ 196,000      | \$ 193,266  | \$ 2,734                               |
| Net change in fund balance                              | \$ -               | \$ -            | \$ (55,049) | \$ (55,049)                            |
| Fund balance, July 1, 2013                              | -                  | -               | (32,821)    | (32,821)                               |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ (87,870) | \$ (87,870)                            |
| Budgetary reconciliation:                               |                    |                 |             |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -        |  |
| Revenue accruals (net)                                  |                    |                 | (55,049)    |  |
| Expenditure accruals (net)                              |                    |                 | -           |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ (55,049) |  |

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - ELEMENTARY BREAKFAST**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues:   |                    |                 |            |  |
| State sources   | \$ -               | \$ 11,094       | \$ 14,374  | \$ 3,280                               |
| Expenditures:   |                    |                 |            |  |
| Current:  |                    |                 |            |  |
| Food services   | -                  | 11,094          | 11,094     | -                                      |
| Net change in fund balance                              | \$ -               | \$ -            | \$ 3,280   | \$ 3,280                               |
| Fund balance, July 1, 2013                              | -                  | -               | (7,093)    | (7,093)                                |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ (3,813) | \$ (3,813)                             |
| Budgetary reconciliation:                               |                    |                 |            |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -       |  |
| Revenue accruals (net)                                  |                    |                 | 3,280      |  |
| Expenditure accruals (net)                              |                    |                 | -          |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ 3,280   |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - NM HIGHWAY DEPARTMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>          | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|------------------------|---|
| Revenues:   |                            |                         |                        |   |
| State sources   | \$ 30,992                  | \$ 30,992               | \$ 28,966              | \$ (2,026)                                      |
| Expenditures:   |                            |                         |                        |   |
| Current:  |                            |                         |                        |   |
| Operation of plant                                      | <u>\$ 30,992</u>           | <u>\$ 30,992</u>        | <u>\$ 29,758</u>       | <u>\$ 1,234</u>                                 |
| Net change in fund balance                              | \$ -                       | \$ -                    | \$ (792)               | \$ (792)  |
| Fund balance, July 1, 2013                              | <u>-</u>                   | <u>-</u>                | <u>2,025</u>           | <u>2,025</u>                                    |
| Fund balance, June 30, 2014                             | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>      | <u><u>\$ 1,233</u></u> | <u><u>\$ 1,233</u></u>                          |
| Budgetary reconciliation:                               |                            |                         |                        |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ (792)               |   |
| Revenue accruals (net)                                  |                            |                         | -                      |   |
| Expenditure accruals (net)                              |                            |                         | <u>-</u>               |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u><u>\$ (792)</u></u> |   |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - SCHOOL BUS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues:   |                    |                 |            |  |
| State sources   | \$ -               | \$ 183,481      | \$ 183,481 | \$ -                                   |
| Expenditures:   |                    |                 |            |  |
| Capital outlay  | -                  | 183,481         | 183,481    | -                                      |
| Net change in fund balance                              | \$ -               | \$ -            | \$ -       | \$ -                                   |
| Fund balance, July 1, 2013                              | -                  | -               | -          | -                                      |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ -       | \$ -                                   |
| Budgetary reconciliation:                               |                    |                 |            |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ -       |  |
| Revenue accruals (net)                                  |                    |                 |            |  |
| Expenditure accruals (net)                              |                    |                 | -          |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ -       |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SPECIAL REVENUE FUND - NEXT GENERATION ASSESSMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>             | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------------|---|
| Revenues:   |                            |                         |                           |   |
| State sources   | \$ -                       | \$ 10,954               | \$ -                      | \$ (10,954)                                     |
| Expenditures:   |                            |                         |                           |   |
| Current:  |                            |                         |                           |   |
| Instruction   | <u>-</u>                   | <u>10,954</u>           | <u>10,857</u>             | <u>97</u>                                       |
| Net change in fund balance                              | \$ -                       | \$ -                    | \$ (10,857)               | \$ (10,857)                                     |
| Fund balance, July 1, 2013                              | <u>-</u>                   | <u>-</u>                | <u>-</u>                  | <u>-</u>  |
| Fund balance, June 30, 2014                             | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>      | <u><u>\$ (10,857)</u></u> | <u><u>\$ (10,857)</u></u>                       |
| Budgetary reconciliation:                               |                            |                         |                           |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ -                      |   |
| Revenue accruals (net)                                  |                            |                         | (10,857)                  |   |
| Expenditure accruals (net)                              |                            |                         | <u>-</u>                  |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u><u>\$ (10,857)</u></u> |   |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**CAPITAL PROJECTS FUND - BOND BUILDING**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Final<br>Budget | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|----------------|--|
| Revenues:   |                    |                 |                |  |
| Local sources   |                    | \$ 410,201      | \$ -           | \$ (410,201)                           |
| Earnings on investments                                 | 299                | 299             | 5,094          | 4,795                                  |
| <br>Total revenues                                      | \$ 299             | \$ 410,500      | \$ 5,094       | \$ (405,406)                           |
| Expenditures:   |                    |                 |                |  |
| Current:  |                    |                 |                |  |
| Operation of plant                                      | \$ 400,000         | \$ 400,000      | \$ -           | \$ 400,000                             |
| Bond issue costs  |                    |                 |                | -                                      |
| Capital outlay  | 4,497,141          | 7,907,342       | 4,862,794      | 3,044,548                              |
| <br>Total expenditures                                  | \$ 4,897,141       | \$ 8,307,342    | \$ 4,862,794   | \$ 3,444,548                           |
| Revenues over (under)<br>expenditures                   | \$ (4,896,842)     | \$ (7,896,842)  | \$ (4,857,700) | \$ 3,039,142                           |
| Other financing sources (uses):                         |                    |                 |                |  |
| Bond proceeds   | -                  | 3,000,000       | 3,000,000      | -                                      |
| Net change in fund balance                              | \$ (4,896,842)     | \$ (4,896,842)  | \$ (1,857,700) | \$ 3,039,142                           |
| Fund balance, July 1, 2013                              | 4,896,842          | 4,896,842       | 5,310,314      | 413,472                                |
| Fund balance, June 30, 2014                             | \$ -               | \$ -            | \$ 3,452,614   | \$ 3,452,614                           |
| Budgetary reconciliation:                               |                    |                 |                |  |
| Net change in fund balance, GAAP basis                  |                    |                 | \$ (2,430,589) |  |
| Revenue accruals (net)                                  |                    |                 | (3,463,185)    |  |
| Expenditure accruals (net)                              |                    |                 | 4,036,074      |  |
| Other financing uses (net)                              |                    |                 |                |  |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                    |                 | \$ (1,857,700) |  |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| Revenues:   |                            |                         |                     |   |
| Local sources   | \$ 2,565,229               | \$ 2,978,438            | \$ 1,748,927        | \$ (1,229,511)                                  |
| Earnings on investments                                 | <u>500</u>                 | <u>500</u>              | <u>765</u>          | <u>265</u>                                      |
| Total revenues  | <u>\$ 2,565,729</u>        | <u>\$ 2,978,938</u>     | <u>\$ 1,749,692</u> | <u>\$ (1,229,246)</u>                           |
| Expenditures:   |                            |                         |                     |   |
| Current:  |                            |                         |                     |   |
| Administration  | \$ 25,000                  | \$ 25,000               | \$ 16,907           | \$ 8,093  |
| Principal   | 2,345,000                  | 2,345,000               | 2,345,000           | -   |
| Interest  | 220,229                    | 220,469                 | 220,469             | -   |
| Special revenue bonds reserve                           | <u>2,765,808</u>           | <u>3,178,777</u>        | <u></u>             | <u>3,178,777</u>                                |
| Total expenditures                                      | <u>\$ 5,356,037</u>        | <u>\$ 5,769,246</u>     | <u>\$ 2,582,376</u> | <u>\$ 3,186,870</u>                             |
| Net change in fund balance                              | \$ (2,790,308)             | \$ (2,790,308)          | \$ (832,684)        | \$ 1,957,624                                    |
| Fund balance, July 1, 2013                              | <u>2,790,308</u>           | <u>2,790,308</u>        | <u>3,133,138</u>    | <u>342,830</u>                                  |
| Fund balance, June 30, 2014                             | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 2,300,454</u> | <u>\$ 2,300,454</u>                             |
| Budgetary reconciliation:                               |                            |                         |                     |   |
| Net change in fund balance, GAAP basis                  |                            |                         | \$ (866,287)        |   |
| Revenue accruals (net)                                  |                            |                         | 12,965              |   |
| Expenditure accruals (net)                              |                            |                         | <u>20,638</u>       |   |
| Net change in fund balance, NON-GAAP<br>budgetary basis |                            |                         | <u>\$ (832,684)</u> |   |

The accompanying notes are an integral part of these financial statements.



Truth or Consequences Municipal Schools  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For the Fiscal Year Ended June 30, 2014

|                                 | <u>Balance</u><br><u>July 1, 2013</u> | <u>Receipts</u>   | <u>Disburse-</u><br><u>ments</u> | <u>Balance</u><br><u>June 30, 2014</u> |
|---------------------------------|---------------------------------------|-------------------|----------------------------------|--|
| <b>Assets</b>                   |                                       |                   |                                  |  |
| Cash and investments:           |                                       |                   |                                  |  |
| T or C Elementary               | \$ 36,973                             | \$ 35,066         | \$ 32,605                        | \$ 39,434                              |
| SEC Elementary                  | 4,133                                 | 5,681             | 5,023                            | 4,791                                  |
| Arrey Elementary                | 8,288                                 | 18,833            | 19,366                           | 7,755                                  |
| T or C Middle School            | 25,849                                | 19,657            | 26,065                           | 19,441                                 |
| Hot Springs High School         | 83,736                                | 147,741           | 153,403                          | 78,074                                 |
| Transportation                  | 166                                   |                   | -                                | 166                                    |
| Audrey Lang Scholarship         | 40,430                                | 2                 | 40,432                           | -                                      |
| Department of Special Education |                                       | 950               | -                                | 950                                    |
| Athletics                       | 14,341                                | 63,973            | 56,042                           | 22,272                                 |
| Central Office                  | 6,616                                 | 3,867             | 6,239                            | 4,244                                  |
|                                 | <u>\$ 220,532</u>                     | <u>\$ 295,770</u> | <u>\$ 339,175</u>                | <u>\$ 177,127</u>                      |
| <b>Liabilities</b>              |                                       |                   |                                  |  |
| Deposits held for others:       |                                       |                   |                                  |  |
| T or C Elementary               | \$ 36,973                             | \$ 35,066         | \$ 32,605                        | \$ 39,434                              |
| SEC Elementary                  | 4,133                                 | 5,681             | 5,023                            | 4,791                                  |
| Arrey Elementary                | 8,288                                 | 18,833            | 19,367                           | 7,754                                  |
| T or C Middle School            | 25,849                                | 19,657            | 26,065                           | 19,441                                 |
| Hot Springs High School         | 83,736                                | 147,741           | 153,402                          | 78,075                                 |
| Transportation                  | 166                                   |                   | -                                | 166                                    |
| Audrey Lang Scholarship         | 40,430                                | 2                 | 40,432                           | -                                      |
| Department of Special Education |                                       | 950               | -                                | 950                                    |
| Athletics                       | 14,341                                | 63,973            | 56,042                           | 22,272                                 |
| Central Office                  | 6,616                                 | 3,867             | 6,239                            | 4,244                                  |
|                                 | <u>\$ 220,532</u>                     | <u>\$ 295,770</u> | <u>\$ 339,175</u>                | <u>\$ 177,127</u>                      |

The accompanying notes are an integral part of these financial statements.

Truth or Consequences Municipal Schools  
**SCHEDULE OF DEPOSITORY COLLATERAL**  
June 30, 2014

|   | 1st Savings<br>Bank | Compass<br>Bank     | Bank of the<br>Southwest | Total               |
|---|---------------------|---------------------|--------------------------|---------------------|
| Checking and CD's   | \$ 49,982           | \$ 192,947          | \$ 9,363,315             | \$ 9,606,244        |
| Total on deposit  | \$ 49,982           | \$ 192,947          | \$ 9,363,315             | \$ 9,606,244        |
| Less: FDIC insurance  | (49,982)            | (192,947)           | (500,000)                | (742,929)           |
| Total uninsured public funds                                | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 8,863,315</u>      | <u>\$ 8,863,315</u> |
| 102% collateralization requirement                          | \$ -                | \$ -                | \$ -                     | \$ -                |
| 50% collateralization requirement<br>(Section 6-10-17 NMSA) | -                   | -                   | 4,431,658                | 4,431,658           |
| Total collateralization requirement                         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 4,431,658</u>      | <u>\$ 4,431,658</u> |
| Pledged Securities:   |                     |                     |                          |                     |
| FNMA 31401MKT7 5/1/33                                       | \$ -                | \$ 269,331          | \$ -                     | \$ 269,331          |
| FNMA 31401MKT7 5/1/33                                       |                     | 675,186             |                          | 675,186             |
| FHLMC 31401MKT7 4/1/38                                      |                     | 715,630             |                          | 715,630             |
| FHLMC 31300L5S0 1/1/43                                      |                     | 1,878,782           |                          | 1,878,782           |
| GNMA II Pool #80119 10/20/27                                |                     |                     | 8,641                    | 8,641               |
| FHLB Letter of Credit 11/3/14                               |                     |                     | 2,700,000                | 2,700,000           |
| FHLB Letter of Credit 6/7/15                                |                     |                     | 700,000                  | 700,000             |
| FHLB Letter of Credit 12/3/14                               |                     |                     | 500,000                  | 500,000             |
| FHLB Letter of Credit 7/2/15                                |                     |                     | 1,100,000                | 1,100,000           |
| Total pledged securities                                    | <u>\$ -</u>         | <u>\$ 3,538,929</u> | <u>\$ 5,008,641</u>      | <u>\$ 8,547,570</u> |
| Pledged securities over<br>(under) requirement              | <u>\$ -</u>         | <u>\$ 3,538,929</u> | <u>\$ 576,984</u>        | <u>\$ 4,115,913</u> |

Securities pledged by Bank of the Southwest are held by the Federal Home Loan Bank in Irving, Tx.  
Securities pledged by Compass Bank are Held by First Financial in El Paso, Tx.  
Securities pledged by First Savings Bank are held by the Federal Home Loan Bank in Dallas, Texas,

Truth or Consequences Municipal Schools  
**SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS**  
 June 30, 2014

|  | Type of<br>Account | Bank<br>Balance     | Reconciled<br>Balance |
|--|--------------------|---------------------|-----------------------|
| <u>First Savings Bank</u>                  |                    |                     |                       |
| Food Services                              | Checking           | \$ 49,982           | \$ 44,723             |
| Total First Savings Bank                   |                    | \$ 49,982           | \$ 44,723             |
| <u>Compass Bank</u>                        |                    |                     |                       |
| Activity                                   | Checking           | \$ 192,947          | \$ 177,127            |
| Total Compass Bank                         |                    | \$ 192,947          | \$ 177,127            |
| <u>Bank of the Southwest</u>               |                    |                     |                       |
| Operational                                | Checking           | \$ 1,439,061        | \$ 1,269,776          |
| Capital Outlay                             | Checking           | 4,640,633           | 4,626,648             |
| Debt Service                               | Checking           | 2,300,148           | 2,300,148             |
| Payroll                                    | Checking           | 943,900             | -                     |
| Audrey Lang                                | Checking           | 39,573              | 39,573                |
| Investments                                | Checking           | -                   | -                     |
| Total First NM Bank                        |                    | \$ 9,363,315        | \$ 8,236,145          |
| <u>NM Local Government Investment Pool</u> |                    |                     |                       |
| Operational                                | Investment         | \$ 2,040            | \$ 2,040              |
| Total NM Local Government Investment Pool  |                    | \$ 2,040            | \$ 2,040              |
| Total cash and investments                 |                    | <u>\$ 9,608,284</u> | <u>\$ 8,460,035</u>   |

Truth or Consequences Municipal Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2014

|  | <u>Operational</u>  | <u>Transportation</u> | <u>Instructional<br/>Materials</u> | <u>Food<br/>Services</u> | <u>Athletics</u> |
|--|---------------------|-----------------------|------------------------------------|--------------------------|------------------|
| Total cash and investments as of July 1, 2013  | \$ 2,070,412        | \$ 803                | \$ 7,862                           | \$ 74,453                | \$ 1,932         |
| Add: Current year receipts                     | 10,409,953          | 863,144               | 88,716                             | 649,710                  | 27,560           |
| Voided warrants                                |                     |                       |                                    |                          |                  |
| Refunds  |                     |                       |                                    |                          |                  |
| Less: Current year expenditures                | (10,589,017)        | (856,615)             | (84,911)                           | (679,440)                | (29,767)         |
| Overdrafts                                     |                     |                       |                                    |                          |                  |
| Abatements                                     |                     |                       |                                    |                          |                  |
| Receivables/payables                           |                     |                       |                                    |                          |                  |
| Transfers                                      | 665                 | (401)                 |                                    |                          |                  |
| Total cash and investments as of June 30, 2014 | <u>\$ 1,892,013</u> | <u>\$ 6,931</u>       | <u>\$ 11,667</u>                   | <u>\$ 44,723</u>         | <u>\$ (275)</u>  |

Truth or Consequences Municipal Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2014

|  | <u>Non<br/>Instructional<br/>Support</u> | <u>Federal<br/>Flowthrough</u> | <u>Federal<br/>Direct</u> | <u>Local<br/>Grants</u> | <u>State<br/>Flowthrough</u> |
|--|--|--------------------------------|---------------------------|-------------------------|------------------------------|
| Total cash and investments as of July 1, 2013  | \$ 180,102                               | \$ (396,638)                   | \$ 17,453                 | \$ 201,677              | \$ (50,026)                  |
| Add: Current year receipts                     | 296,091                                  | 1,296,424                      | 99,047                    | 119,435                 | 514,311                      |
| Voided warrants                                |  |                                |                           |                         |                              |
| Refunds  |  |                                |                           |                         |                              |
| Less: Current year expenditures                | (299,066)                                | (1,399,772)                    | (158,961)                 | (178,851)               | (704,407)                    |
| Overdrafts                                     |  |                                |                           |                         |                              |
| Abatements                                     |  |                                |                           |                         |                              |
| Receivables/payables                           |  | 60                             |                           |                         |                              |
| Transfers                                      |  | (858)                          |                           |                         | (14)                         |
|  | <hr/>                                    | <hr/>                          | <hr/>                     | <hr/>                   | <hr/>                        |
| Total cash and investments as of June 30, 2014 | <u>\$ 177,127</u>                        | <u>\$ (500,784)</u>            | <u>\$ (42,461)</u>        | <u>\$ 142,261</u>       | <u>\$ (240,136)</u>          |

Truth or Consequences Municipal Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2014

|  | State<br>Direct | Bond<br>Building | SB-9         | Debt<br>Service | Agency    |
|--|-----------------|------------------|--------------|-----------------|-----------|
| Total cash and investments as of July 1, 2013  | \$ 2,025        | \$ 5,307,043     | \$ 1,001,070 | \$ 3,191,988    | \$ 40,430 |
| Add: Current year receipts                     | 28,966          | 3,008,365        | 631,855      | 1,711,480       | 386       |
| Chargebacks                                    |                 |                  |              |                 |           |
| Refunds  |                 |                  |              |                 |           |
| Less: Current year expenditures                | (29,758)        | (4,862,794)      | (457,871)    | (2,603,014)     | (1,202)   |
| Overdrafts                                     |                 |                  |              |                 |           |
| Abatements                                     |                 |                  |              |                 |           |
| Receivables/payables                           |                 |                  |              |                 |           |
| Transfers                                      |                 |                  |              |                 |           |
| Total cash and investments as of June 30, 2014 | \$ 1,233        | \$ 3,452,614     | \$ 1,175,054 | \$ 2,300,454    | \$ 39,614 |

Truth or Consequences Municipal Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2014

|  | Total         |
|--|---------------|
| Total cash and investments as of July 1, 2013  | \$ 11,650,586 |
| Add: Current year receipts                     | 19,745,443    |
| Chargebacks                                    | -             |
| Refunds  | -             |
| Less: Current year expenditures                | (22,935,446)  |
| Overdrafts                                     | -             |
| Abatements                                     | -             |
| Receivables/payables                           | 60            |
| Transfers                                      | (608)         |
| Total cash and investments as of June 30, 2014 | \$ 8,460,035  |

Truth or Consequences Municipal Schools  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Fiscal Year Ended June 30, 2014

| <u>Federal Grantor/Pass-through Grantor/<br/>Program Title</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-through<br/>Grantor's<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------------------|--|---------------------------------|
| <b><u>U.S. DEPARTMENT OF EDUCATION</u></b>                     |                                    |  |                                 |
| Passed through N.M. Department of Education:                   |                                    |  |                                 |
| Title I Grants to Lea's  | 84.010                             | 24.101                                       | 811,344                         |
| Special Education-Grants to States                             | 84.027                             | 24.106                                       | 379,892                         |
| Migrant Education-Basic State Grant Program                    | 84.011                             | 24.103                                       | 29,284                          |
| English Language Acquisition grants                            | 84.365                             | 24.153                                       | 890                             |
| Vocational Education   | 84.048                             | 24.174                                       | 21,685                          |
| Special Education-Preschool Grants                             | 84.173                             | 24.109                                       | 12,827                          |
| Education of Homeless  | 84.196                             | 24.113                                       | 19,194                          |
| Teacher Quality State Grants                                   | 84.367                             | 24.154                                       | 51,835                          |
| Rural Education  | 84.358                             | 24.160                                       | <u>28,426</u>                   |
| Total U.S. Department of Education                             |                                    |  | <u>\$ 1,355,377</u>             |
| <b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>                   |                                    |  |                                 |
| Direct Programs:   |                                    |  |                                 |
| Schools and Roads-Grants to States                             | 10.665                             | N/A  | \$ 154,180                      |
| Passed through N.M. Department of Education:                   |                                    |  |                                 |
| National School Lunch Program                                  | 10.555                             | N/A  | 432,679                         |
| Summer Food Service Program for Children                       | 10.559                             | N/A  | 23,847                          |
| School Breakfast Program                                       | 10.553                             | N/A  | 163,562                         |
| Fresh Fruits and Vegetables Program                            | 10.582                             | 24.118                                       | 28,013                          |
| Passed through N.M. Department of Human Svc's:                 |                                    |  |                                 |
| Emergency Food Assistance Program                              | 10.569                             | N/A  | <u>43,485</u>                   |
| Total U.S. Department of Agriculture                           |                                    |  | <u>\$ 845,766</u>               |



Truth or Consequences Municipal Schools  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS(concluded)**  
For The Fiscal Year Ended June 30, 2014

| <u>Federal Grantor/Pass-through Grantor/<br/>Program Title</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-through<br/>Grantor's<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------------------|--|---------------------------------|
| <b><u>U.S. DEPARTMENT OF DEFENSE</u></b>                       |                                    |  |                                 |
| Direct Programs:   |                                    |  |                                 |
| ROTC   | 12.100                             | 25.200                                       | <u>\$ 71,129</u>                |
| <b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>     |                                    |  |                                 |
| Passed through N.M. Dept. of Human Services:                   |                                    |  |                                 |
| Autism and Other Developmental Disabilities                    | 93.998                             | 24.108                                       | \$ 11,960                       |
| Medical Assistance Program                                     | 93.778                             | 25.153                                       | <u>87,832</u>                   |
| Total U.S. Department of Health and Human Services             |                                    |  | <u>\$ 99,792</u>                |
| Total expenditures of federal awards                           |                                    |  | <u><u>\$ 2,372,064</u></u>      |

See the accompanying notes to Schedule of Expenditures of Federal Awards.

Truth or Consequences Municipal Schools  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2014

Note 1     Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Truth or Consequences Municipal Schools and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2     Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The District received \$43,485 in food commodities during the 2013-2014 fiscal year.

Note 3     The District had the following insurance coverages during the year ended June 30, 2014:

|                      |              |
|----------------------|--------------|
| Workers compensation | \$ 1,050,000 |
| Property             | 500,000,000  |
| Liability            | 1,000,000    |
| Auto                 | 10,000,000   |

Truth or Consequences Municipal Schools  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Fiscal Year Ended June 30, 2014

| <b>Findings – Financial Statement Audit</b>  | <u>Current Status</u> |
|--|-----------------------|
| 06-02 Imprest accounts not reconciled  | Resolved              |
| 12-03 I-9s and W-4s not present in employee files  | Resolved              |
| 12-04 Financial statements prepared by auditor   | Resolved              |
| 13-01 Payroll paid in advance  | Resolved              |
| 13-02 Purchase orders dated after the invoice  | Resolved              |
| 13-03 Noncompliance with the Per Diem & Mileage Act  | Resolved              |
| 13-04 Evaluation criteria not used in evaluating audit proposal                            | Resolved              |
| 13-05 Payroll department lacked segregation of duties                                      | Resolved              |
| 13-06 Use of school vehicle for commuting not reported as fringe benefit                   | Resolved              |
| 13-07 Warehouse inventory not taken  | Resolved              |
| 13-08 Capital asset inventory not taken  | Resolved              |
| 13-09 Private purpose trust fund not in District’s books                                   | Resolved              |
| 13-11 Budgeted cash balances in excess of available funds                                  | Resolved              |
| 13-12 Audit report not submitted by the required deadline                                  | Resolved              |
| 2013-010(13-10) Expenditures in excess of Budgetary Authority                              |                       |
| This was a finding indicating that expenditures were made in Excess of budgetary authority | Repeated              |

**Findings and Questioned Costs – Major Federal Award programs**

U.S. Department of Education, Risk Pool IDEA B, CFDA No. 84.027 Award Year 2013

This was a significant deficiency indicating that federal funds had been used to buy itunes for students. We noted no instances of this type of transaction during the 2013-2014 fiscal year, and consider the issue resolved.

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REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor  
And  
Board of Education  
Truth or Consequences Municipal Schools  
Truth or Consequences, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Truth or Consequences Municipal Schools as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Truth or Consequences Municipal Schools' basic financial statements, and the combining and individual fund financial statements and related budgetary comparisons of the District presented as other supplementary information, and have issued our report thereon dated November 7, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Truth or Consequences Municipal Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Truth or Consequences Municipal Schools' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Truth or Consequences Municipal Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2013-010, 2014-003, and 2014-004.

### Truth or Consequences Municipal Schools' Responses to Findings

Truth or Consequences Municipal Schools' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Stone, McGee & Co., CPAs*

Silver City, New Mexico  
November 7, 2014

**Stone, McGee & Co.**  
Certified Public Accountants

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor  
And  
Board of Education  
Truth or Consequences Municipal Schools  
Truth or Consequences, New Mexico

**Report on Compliance for Each Major Federal Program**

We have audited the Truth or Consequences Municipal Schools' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Truth or Consequences Municipal Schools' major federal programs for the year ended June 30, 2014. The Truth or Consequences Municipal Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Truth or Consequences Municipal Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Truth or Consequences Municipal Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Truth or Consequences Municipal Schools' compliance.

#### Opinion on Each Major Federal Program

In our opinion, the Truth or Consequences Municipal Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

#### Report on Internal Control over Compliance

Management of the Truth or Consequences Municipal Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Truth or Consequences Municipal Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Truth or Consequences Municipal Schools' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Stone, McGee & Co., CPAs*

Silver City, New Mexico  
November 7, 2014

**Stone, McGee & Co.**  
Certified Public Accountants

Truth or Consequences Municipal Schools  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended June 30, 2014

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Truth or Consequences Municipal Schools.
2. One significant deficiency relating to the audit of the financial statements is reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*. It is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Truth or Consequences Municipal Schools, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for Truth or Consequences Municipal Schools expresses an unmodified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.
7. The programs tested as major programs included: Title I Grants to LEAs, CFDA No. 84.010; and the nutrition cluster, consisting of the National School Lunch Program, CFDA No. 10.555, Summer Food Service Program for Children, CFDA No. 10.559, and The School Breakfast Program, CFDA No. 10.553.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Truth or Consequences Municipal Schools was not considered a low-risk auditee.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

2014-001 Financial Statement Accuracy (Material Weakness)

Condition – The District's Statement of Net Position at June 30, 2013, was restated by \$106,894, and the Debt Service Fund balance was restated by \$58,850 due to error corrections discovered during the year ended June 30, 2014.

Criteria – Sound accounting practices require the maintenance of records sufficient to present financial statements in accordance with generally accepted accounting principles.



Effect – The District’s June 30, 2013, financial statements were not, in all instances, presented in accordance with generally accepted accounting principles. Readers of the financial statements could be misinformed, and budget preparation could be based on incorrect data.

Cause – The District had not reconciled its subsidiary ledger for capital assets to control accounts. The formatting of the reports generated by the system left certain assets off the report, with the corresponding depreciation. In addition, property taxes for the 10 year period ended June 30, 2013, which remained uncollected by August 31, 2013, had not been recorded as assets or revenue in the Government-wide financial statements. Finally, the conversion from fund statements to government-wide statements contained errors related to cash and bond premiums.

Recommendation – We recommend that the District reconcile its subsidiary ledger of capital assets to control accounts, and that the reports be formatted to include all District assets. In addition, we recommend that the District maintain property tax records sufficient to reconcile receivables at year-end. Finally, we recommend that the conversion from fund statements to government-wide financial statements be overseen by the appropriate supervisory personnel.

Agency Response – The District has already reconciled the capital asset subsidiary ledger to control accounts, and corrected the formatting of the reports to include all assets. In addition, property tax records have been updated to enable reconciliation of receivables at year-end. Finally, we have assigned the appropriate personnel to oversee the conversion of the fund statements to the government-wide statements.

#### 2013-010(13-10) Expenditures in Excess of Budgetary Authority (Other)

Condition – The District incurred expenditures in excess of budgetary authority in the following funds and functions:

|  |        |
|--|--------|
| General Fund – Community Services            | \$ 126 |
| Cafeteria – Food Services                    | 9,564  |
| Pre-School – Transportation                  | 1,178  |
| NM Autism Project – Student Support Services | 724    |
| Education of the Homeless – Student Support  | 5,182  |
| Fresh Fruits and Vegetables – Food Service   | 2,144  |
| Kindergarten 3+ - Transportation             | 10,985 |
| Pre K Initiative – Instruction               | 427    |

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part, that expenditures not exceed budgetary authority. The function is the legal level of control for public schools.

Effect – The internal controls established by adherence to budgets has been compromised, and excess spending could result. In addition, New Mexico statutes have been violated.

Cause – The District did not make the necessary year-end budget adjustments to alleviate these over-expenditures.

Recommendation – We recommend that the District continue to emphasize its policy of making year-end adjustments to budgets to alleviate excess expenditures. Supervisory personnel should be involved in the year-end budgetary adjustment process.

Agency Response – The District continues to emphasize year-end budget adjustments. Supervisory personnel will be involved in the year-end adjustment process.

#### 2014-003 Employee Personnel Files (Other)

Condition – In a review of 25 certified employee files, we noted 7 instances where the documentation in the employees file did not agree to the contract issued to the employee, and 4 instances where the contract payment did not agree to the salary schedule.

Criteria – Employee files must be current and complete to adequately compensate employees and comply with federal regulations.

Effect – There is an increased likelihood that employee compensation will not be calculated correctly, and the District has not complied with NM Public Education Department policies.

Cause – Human resource personnel had not conducted the appropriate employee file review.

Recommendation – The District should conduct a file review of all appropriate personnel files to ensure that the documentation required by both state and federal regulations is included in each personnel file. This review should be overseen by the appropriate supervisor to insure compliance.

Agency Response – The recommended file review will be undertaken, and steps will be established to ensure continued compliance. Supervisory review will be included in the process.

#### 2014-004 Procurement Code Compliance (Other)

Condition – During our review of 167 purchasing transactions, we noted 55 instances where approval for payment was not documented.

Criteria – Section 13-1-97 of NMSA 1978 requires that purchases be made through a central purchasing office which properly authorizes and approves the purchase prior to payment.

Effect – There is an increased likelihood that payments can be made for goods or services not received.

Cause – The District has not put in place the required payment approval process.

Recommendation – We recommend that a policy be developed and implemented which requires the approval of the invoice, indicating the receipt of the goods or services, before payment is made.

Agency Response – The District will implement the aforementioned policy.

## FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

## OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s.

## EXIT CONFERENCE

The contents of this report were discussed in a meeting on October 29, 2014. Present at this exit conference were:

| <u>Name</u>      | <u>Title</u>             | <u>Affiliation</u>        |
|------------------|--------------------------|---------------------------|
| Rita Ortiz       | Board Member             | T or C Schools            |
| Dr Craig Cummins | Superintendent           | T or C Schools            |
| Barbara Chavez   | Accounts payable clerk   | T or C Schools            |
| Sabrina Bierner  | Payroll clerk            | T or C Schools            |
| Celina Martinez  | Administrative assistant | T or C Schools            |
| Angela Rael      | Board Secretary          | T or C Schools            |
| Kay Stone        | Shareholder              | Stone, McGee & Co., CPAs  |
| Mike Stone       | Shareholder              | Stone, McGee & Co., CPA's |